

BLM HEARING

ON

PROPOSED LEASING
LOWER COOK INLET

WRITTEN PRESENTATION

OF

ALASKA SUBARCTIC OFFSHORE COMMITTEE

T A B L E O F C O N T E N T S

1. STATEMENTS DELIVERED AT ANCHORAGE,
ALASKA, ON AUGUST 24, 1976:

- A. William M. Meyers
- B. Charles W. Rogers
- C. John A. Silcox
- D. Robert C. Visser

2. STATEMENTS DELIVERED AT HOMER, ALASKA,
ON AUGUST 26, 1976:

- A. Dr. Frank J. Hester
- B. Jesse P. Johnson

3. EXHIBITS:

- A. Hester Exhibit I - Paper:
"OCS Development in the Santa Barbara
Channel: Lack of Detectable Biological
Impact" prepared by Dr. Frank J. Hester.
- B. Hester Exhibit II - Report:
"Acute Toxicity and Uptake - Depuration
Studies with Cook Inlet Crude Oil,
Prudhoe Bay Crude Oil, No. 2 Fuel Oil
and Several Subarctic Marine Organisms",
a processed report prepared by the
Northwest Fisheries Center Auke Bay
Fisheries Laboratory, National Marine
Fisheries Service, Auke Bay, Alaska,
May 1976.
- C. Johnson Exhibit I - Attachment A:
A list of oil spill containment and
recovery equipment to be aboard the
drilling vessel "SEDCO 706".*

Johnson Exhibit I - Attachment B:

A list of oil spill containment and recovery equipment to be aboard the drilling vessel "OCEAN RANGER".*

*It is contemplated that the above mentioned drilling vessels will be utilized in operations in Alaskan OCS waters.

Johnson Exhibit I - Attachment C:

A list of oil spill containment and recovery equipment contemplated to be furnished by the Gulf of Alaska Clean-Up Organization in connection with operations in the Gulf of Alaska.

4. STATEMENTS AND PAPER filed in the record of the BLM hearing on proposed oil and gas leasing on the OCS of the Northern Gulf of Alaska held in Anchorage, Alaska, on August 12-13, 1975:

- A. Statement of Dr. Kenneth A. Blenkarn
- B. Statement of Dr. John Wiggins
- C. Paper: "The Need for Oil and Gas Resources from the Gulf of Alaska" prepared by Sherman H. Clark Associates.

DEPARTMENT OF THE INTERIOR - BUREAU OF LAND MANAGEMENT

HEARING ON PROPOSED LEASING
LOWER COOK INLET

AUGUST 24-26, 1976
ANCHORAGE AND HOMER, ALASKA

STATEMENT OF WILLIAM M. MEYERS

I AM WILLIAM M. MEYERS OF THE LAW FIRM OF
LISKOW & LEWIS OF NEW ORLEANS, LOUISIANA. I AM APPEARING
HERE TODAY AS ATTORNEY FOR THE ALASKA SUBARCTIC OFFSHORE
COMMITTEE. AS WILL BE EXPLAINED LATER, THE COMMITTEE IS
COMPRISED OF 26 MEMBER COMPANIES.

THE COMMITTEE HAS REQUESTED AND OBTAINED
PERMISSION TO MAKE A FIVE-WITNESS PRESENTATION. THIS
WAS DONE FOR TWO REASONS. FIRST, WE BELIEVE THAT A
COORDINATED PRESENTATION OF THIS TYPE ON BEHALF OF THE
OFFSHORE INDUSTRY WILL BETTER COVER THE PERTINENT ISSUES
INVOLVED IN THIS HEARING THAN WOULD A SERIES OF SEPARATE
STATEMENTS FROM THE MEMBER COMPANIES WHICH WOULD BE
LARGELY REPETITIVE. SECOND, WE BELIEVE THAT CONSIDERABLE
TIME WILL BE SAVED IN MAKING THIS INDUSTRY PRESENTATION

SINCE A GREAT MAJORITY OF THE MEMBERS OF THE ALASKA
SUBARCTIC OFFSHORE COMMITTEE WILL NOW CONTENT THEMSELVES
WITH FILING WRITTEN STATEMENTS.

OUR WITNESSES WILL BE PRESENTED IN TWO PANELS.
THE FIRST PANEL CONSISTS OF CHARLES W. ROGERS, REGION
EXPLORATION ENGINEER, SUN COMPANY, INC., AND VICE-CHAIRMAN
OF THE ALASKA SUBARCTIC OFFSHORE COMMITTEE; MR. JOHN A.
SILCOX, VICE-PRESIDENT AND GENERAL MANAGER-EXPLORATION,
STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS,
INC.; AND ROBERT C. VISSER, SENIOR STAFF ENGINEER, SHELL
OIL COMPANY.

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I NOW PRESENT MR. ROGERS WHO WILL DISCUSS THE
ROLE OF THE ALASKA SUBARCTIC COMMITTEE AND INDUSTRY
INTEREST IN THE PROPOSED LOWER COOK INLET LEASE SALE.

* * *

OUR NEXT WITNESS, MR. JOHN SILCOX, WILL COMMENT
ON INDUSTRY PREPARATIONS FOR THE PROPOSED LEASING, THE OIL
AND GAS POTENTIAL OF THE LOWER COOK INLET AND MARKETING
OF LOWER COOK INLET PRODUCTION.

* * *

MR. ROBERT C. VISSER IS OUR NEXT WITNESS AND
HE WILL DISCUSS EXPLORATION, DEVELOPMENT, PRODUCTION
AND TRANSPORTATION ACTIVITIES.

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OUR FIRST WITNESS TODAY IS DR. FRANK J. HESTER
WHO WILL DISCUSS THE ENVIRONMENTAL EFFECT OF OFFSHORE
OPERATIONS ON FISHERIES.

* * *

OUR FINAL WITNESS, MR. JESSE P. JOHNSON WILL
DISCUSS OIL SPILL CONTINGENCY PLANNING.

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THIS CONCLUDES THE TESTIMONY ON BEHALF OF THE
ALASKA SUBARCTIC OFFSHORE COMMITTEE.

STATEMENT OF
CHARLES W. ROGERS
BEFORE THE
U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
HEARING
ON
PROPOSED OIL AND GAS LEASING
ON THE
LOWER COOK INLET
ANCHORAGE AND HOMER, ALASKA
AUGUST 24-26, 1976

ALASKA SUBARCTIC OFFSHORE COMMITTEE

STATEMENT OF
CHARLES W. ROGERS, SUN COMPANY, INC.

LOWER COOK INLET: DRAFT EIS HEARING
ANCHORAGE, ALASKA
AUGUST 24, 1976

GOOD MORNING, MY NAME IS CHARLES W. ROGERS. I AM EMPLOYED BY SUN COMPANY, INC. AS REGION EXPLORATION ENGINEER. MY AREA OF RESPONSIBILITY IS COORDINATING MY COMPANY ENGINEERING EFFORT IN THE PRE-SALE EVALUATION OF AREAS OF THE OCS OFFERED FOR LEASING AND THE POST-SALE EVALUATION OF LEASES PURCHASED BY SUN COMPANY, INC. I HAVE BEEN IN ENGINEERING PLANNING AND ECONOMIC EVALUATION OF ALASKA PROSPECTS SINCE OCTOBER, 1968.

I AM APPEARING TODAY IN THE CAPACITY OF VICE-CHAIRMAN OF THE ALASKA SUBARCTIC OFFSHORE COMMITTEE, WHOSE MEMBERSHIP CONSISTS OF 26 COMPANIES. THESE COMPANIES ARE:

AMERICAN INDEPENDENT OIL CO., INC.
AMERICAN PETROFINA OIL COMPANY
AMOCO PRODUCTION COMPANY
ATLANTIC RICHFIELD COMPANY
ASHLAND OIL, INC.
BP ALASKA INC.
CHAMPLIN PETROLEUM COMPANY
CITIES SERVICE OIL COMPANY
CONTINENTAL OIL COMPANY
EXXON COMPANY, U.S.A.
GULF OIL COMPANY, U.S.
MARATHON OIL COMPANY
MOBIL OIL CORPORATION
MURPHY OIL CORPORATION
NATIONAL COOPERATIVE REFINERY
PANCANADIAN PETROLEUM COMPANY
PENNZOIL COMPANY
PHILLIPS PETROLEUM COMPANY

PLACID OIL COMPANY
SHELL OIL COMPANY
SKELLY OIL COMPANY
STANDARD OIL COMPANY OF CALIFORNIA
SUN OIL COMPANY
TENNECO OIL COMPANY
TEXACO INC.
UNION OIL COMPANY OF CALIFORNIA

THE ALASKA SUBARCTIC OFFSHORE COMMITTEE WAS ORGANIZED IN NOVEMBER OF 1971 AS THE GULF OF ALASKA OPERATORS COMMITTEE, WITH THE NEW NAME APPROVED BY MEMBER COMPANIES ON MARCH 17, 1976. OUR BYLAWS ARE CURRENTLY BEING REVISED TO EXPAND OUR AREA OF INTEREST TO INCLUDE ALL OF THE ALASKAN OCS SOUTH OF THE BERING STRAIT. OUR MISSION REMAINS TO DEVELOP AN ASSESSMENT OF THE IMPACT OF OIL EXPLORATION AND DEVELOPMENT ON THE ENVIRONMENT OF OCS ALASKA AND TO PREPARE AND CO-ORDINATE THE PRESENTATION OF TESTIMONY AT ENVIRONMENTAL HEARINGS RELATING TO OFFSHORE LEASING AND OPERATIONS IN OUR AREA OF INTEREST.

THE COMMITTEE ACCOMPLISHES ITS TASK THROUGH A NUMBER OF WORKING SUBCOMMITTEES, EACH EMPOWERED TO DEAL WITH THOSE MATTERS RELATED TO ITS PARTICULAR INTEREST, WITH THEIR EFFORTS COORDINATED BY A SMALL EXECUTIVE COMMITTEE. FINAL APPROVAL TO EXPEND FUNDS IS BY MAJORITY VOTE OF THE FULL MEMBERSHIP.

ONE OF THE IMPORTANT FUNCTIONS OF OUR COMMITTEE HAS BEEN

TO MAINTAIN CONTACT WITH THOSE STATE OF ALASKA AND LOCAL OFFICIALS RESPONSIBLE FOR PLANNING IN CONNECTION WITH THE ONSHORE IMPACTS WHICH MAY RESULT FROM OFFSHORE PETROLEUM OPERATIONS IN THE ALASKAN OCS. WE FEEL A RESPONSIBILITY TO ASSIST IN THIS PLANNING AND ARE IN FREQUENT COMMUNICATION WITH THESE AUTHORITIES, WE HAVE, AND ARE, ATTEMPTING TO ANSWER THEIR INQUIRIES CANDIDLY AND AS SPECIFICALLY AS POSSIBLE UNDER THE CIRCUMSTANCES. HOWEVER, UNTIL THE RESULTS OF THE EXPLORATORY PHASE OF OPERATIONS ARE AVAILABLE, IT SHOULD BE UNDERSTOOD THAT THERE ARE CERTAIN UNKNOWN FACTORS WHICH MAKE IT UNFEASIBLE TO FORMULATE COMPLETE AND DETAILED ANSWERS TO ALL OF THE QUESTIONS WHICH HAVE BEEN ASKED. THIS MAKES IT IMPORTANT THAT LINES OF COMMUNICATION BE KEPT OPEN, AND, FOR OUR PART, WE CAN ASSURE YOU THAT WE ARE SINCERELY INTERESTED IN COOPERATING WITH THE PLANNING OFFICIALS TO THE FULLEST EXTENT LEGALLY POSSIBLE. THE COMMITTEE BELIEVES THAT THIS CONTINUED DIALOGUE WILL BE OF MUTUAL BENEFIT TO THE CITIZENS OF ALASKA AND THE OFFSHORE PETROLEUM INDUSTRY.

THE OIL INDUSTRY INTEREST IN THE LOWER COOK INLET IS REFLECTED BY THE FACT THAT 16 COMPANIES NOMINATED FOR LEASING 433 TRACTS COMPRISING APPROXIMATELY 2.1 MILLION ACRES. SEISMIC SURVEYS IN THE LOWER COOK INLET HAVE BEEN

CONDUCTED SINCE 1965 AND AN ESTIMATED 12,000 MILES OF DATA HAVE BEEN COLLECTED BY INDUSTRY GROUP SHOOTING OR INDIVIDUAL COMPANY SURVEYS. GEOLOGICAL FIELD PARTIES HAVE ALSO BEEN ACTIVE IN THE NEAR ONSHORE AREA.

AS SET FORTH IN THE DRAFT ENVIRONMENTAL IMPACT STATEMENT, THE PETROLEUM INDUSTRY IS NO STRANGER TO THE COOK INLET. THE STATE OF ALASKA CONDUCTED ITS FIRST LEASE SALE IN STATE WATERS IN THE UPPER COOK INLET IN 1959 AND SINCE THAT TIME ALMOST 2.9 MILLION ACRES HAVE BEEN OFFERED FOR LEASE BY THE STATE AND APPROXIMATELY 1.9 MILLION ACRES HAVE BEEN LEASED. THE LAST STATE LEASE SALE OF TRACTS IN THE UPPER COOK INLET WAS HELD LESS THAN TWO YEARS AGO WHEN OVER 100,000 ACRES WERE LEASED. PRODUCTION FROM THE UPPER COOK INLET HAS BEEN SUBSTANTIAL AND CONTINUES.

I BELIEVE THAT THE POINT SHOULD BE MADE THAT IF LEASES ARE AWARDED IN THE LOWER COOK INLET, OUR INDUSTRY WILL EMBARK ON OPERATIONS THERE MUCH BETTER PREPARED, BETTER EQUIPPED, AND BETTER SUPPORTED THAN WHEN WE COMMENCED EXPLORATION SOME 15 YEARS AGO IN THE STATE WATERS OF THE INLET TO THE NORTH. WE CAN DRAW NOT ONLY ON OUR SUBSTANTIAL EXPERIENCE FROM OPERATIONS IN THE UPPER COOK INLET, BUT ALSO FROM THE INCREASED KNOWLEDGE GAINED AS A RESULT OF OUR SUCCESSFUL ACTIVITIES IN THE EVEN HARSHER ENVIRONMENT OF THE NORTH SEA.

WE ARE CAPABLE OF OPERATING IN THE PROPOSED LEASE AREA ON A YEAR-AROUND BASIS. PROBLEMS PRESENT IN THE UPPER COOK INLET, SUCH AS DRIFTING ICE AND HEAVILY SILT LADEN WATERS, ARE NOT PRESENT IN THE PROPOSED LEASE AREA, AND WE WILL NOT HAVE SOME OF THE WEATHER PROBLEMS FOUND IN THE GULF OF ALASKA. ANOTHER PLUS WILL BE THE CLOSE PROXIMITY TO EXISTING SUPPLY AND OPERATING BASES.

IN SUMMARY, THE COMMITTEE SEES THE LOWER COOK INLET AS AN AREA OF HIGH RESOURCE POTENTIAL AND WE BELIEVE THAT OPERATIONS THERE CAN BE CONDUCTED WITH EFFICIENCY AND SAFETY AND WITH DUE REGARD FOR THE ENVIRONMENT.

THANK YOU FOR YOUR ATTENTION.

TESTIMONY OF J. H. SILCOX

OCS HEARING

DRAFT ENVIRONMENTAL IMPACT STATEMENT

LOWER COOK INLET, ALASKA

AUGUST 24-25, 1976

ANCHORAGE, ALASKA

My name is John Silcox. I am a geologist and am currently Vice President and General Manager of Exploration for Western Operations, Inc.--a wholly-owned subsidiary of Standard Oil Company of California. In this assignment I am responsible for all exploration on the West Coast and in Alaska. I have been associated with the West Coast oil industry for over 25 years and have been involved in Alaskan exploration since 1967. Prior to my present assignment, I was Division Manager of Exploration--Alaska for 5-1/2 years. My family and I had the pleasure of living in Anchorage for over three years. We thoroughly enjoyed the environment and the attitude of the people here. It is always a special treat to return.

Today, I would like to speak to you on behalf of the Alaska Subarctic Offshore Committee concerning the industry's preparation for the sale, the general geology of the area, oil and gas potential, and the need for production from Lower Cook Inlet. Following my remarks concerning these items, I would like to take a few minutes to speak to some of the specific comments made so far today.

The petroleum industry has been preparing for a lease sale in Lower Cook Inlet since the mid-1960's when it appeared that the State of Alaska would continue to conduct lease sales throughout all of Cook Inlet. Significant discoveries had been made in Upper Cook Inlet in 1962 and 1965 and the industry was eager to pursue favorable trends to the South. Exploratory programs include aeromagnetic surveys, seismic surveys, both group and proprietary, and surface geological studies which investigated the possible presence of petroleum source rocks and reservoir rocks. In 1967, the title dispute between the State of Alaska and the Federal Government resulted in a lawsuit that took eight years to resolve. This abated the industry's

efforts until 1972 when new group and proprietary seismic surveys were undertaken. This work has continued and today we estimate that in excess of 12,000 miles of seismic data have been recorded. An additional 6000 miles of high resolution data were recorded to determine presence of sea floor geologic hazards. A group coring program was undertaken in 1973. Dart and dredge sampling programs have also been conducted. At least one shipborne gravity survey was recorded and gravity and magnetics have been recorded in conjunction with some of the seismic programs. We further estimate that 35 to 40 crew months of surface geologic work has been performed by the industry in an attempt to better assess the oil and gas potential of Lower Cook Inlet. In addition, samples have been analyzed for the presence of hydrocarbons.

No deep stratigraphic tests have been drilled by the industry in the Lower Cook Inlet OCS waters; however, approximately 150 exploratory wells have been drilled in Cook Inlet. Of these perhaps 25 are located such that they are considered pertinent to an evaluation of Lower Cook Inlet's oil and gas potential. These wells occur to the north and east in State water bottoms, on the Kenai Peninsula and to the west on Iniskin Peninsula. Some of the earliest drilling in Alaska was on the Iniskin Peninsula where abundant oil seeps occur and where non-commercial oil production was established from middle Jurassic shales.

Approximately 30 oil and gas companies have acquired exploratory data in Lower Cook Inlet throughout the years. Sixteen companies nominated areas for leasing.

My discussion of the geology of Lower Cook Inlet will be, of necessity, brief. It is not the Committee's intent to supplant the geological description in the Draft Environmental Impact Statement. My remarks are included merely to set the stage for my discussion of oil and gas potential.

Lower Cook Inlet is an area loosely defined as lying south of Kalgin Island and north of Shelikof Strait. The prospective area is roughly 100 miles long, 30 to 50 miles wide and lies wholly under water. The area which is the subject of the Draft Environmental Impact Statement lies in 200' to 600' of water.

In excess of 30,000 feet of sediment has been deposited in this area. Rocks of Lower Jurassic age and older are highly contorted and are not prospective. However, rocks of Middle Jurassic age and younger are highly prospective. These include units that are productive in Upper Cook Inlet.

In assessing the potential of a basin to produce certain quantities of oil and gas, we must first face the issue of the likelihood that any oil or gas is present. This is accomplished by studying the rocks in outcrop and trying to establish the history of the basin through geologic time. Certain very basic questions relating to the theory of the origin of petroleum have to be answered. Two of the more important questions are: 1) Are there rocks in the basin with sufficient amounts of organic material that could have generated oil and/or gas? 2) Have these rocks, known as source rocks, been subjected to temperatures sufficient to release that petroleum? The answer to both of these questions in Lower Cook Inlet is affirmative. Several rock formations have the required characteristics to be classed as potential source rocks for petroleum. At least one of the Mesozoic formations has outstanding qualifications in this respect. Records are left in the rocks which indicate something of the maximum temperature the rock has been subjected to. Generally, this is also an indicator of how deep rocks have been buried since temperature increases with depth. The record appears clear in Lower Cook Inlet that the primary source rocks have been hot enough to have had oil and gas expelled from them. As further indicators of the presence of oil and gas in the basin, there

are several onshore seeps and many of the 25 wells surrounding the Lower Cook Inlet have had oil and gas shows. At Iniskin where I previously mentioned subcommercial production had been found, the oil was analyzed and determined to be a paraffin-base crude with a desirably low sulfur content of less than one-tenth of one percent. The range of API gravities measured was 31.9% - 46.8%.

The estimation of the amount of oil and gas present in a basin rests largely with the thickness and quality of reservoir rock and areal size of the subsurface features which could hold the accumulation of oil and gas, called "traps". Several formations in the outcrop have rocks of good to excellent reservoir characteristics. In addition, we believe that the major oil producing zones of Upper Cook Inlet will be present in some of the area. The extensive geophysical surveys have outlined approximately twenty traps or prospects in the area. These vary in size and quality. They involve both Tertiary rocks which produce in Upper Cook Inlet and Mesozoic rocks.

The BLM has estimated a maximum of 2.6 billion barrels of oil and 3.3 trillion cubic feet of gas as the recoverable reserves for Lower Cook Inlet. One preference ranking of OCS frontier areas shows Lower Cook Inlet very close to the top of the ranking, placing third behind the Mid-Atlantic and the Gulf of Alaska.

The last subject that I would like to address myself to today is the need for further production from Southern Alaska.

The one element of energy policy that both the Congress and the Administration endorse is the need to reduce this country's dependence on foreign oil --- Project Independence. Unfortunately, political motivations have superseded the national need, and counter-productive legislation, regulation, and delay have been the order of the day. Strangling legislation and regulation have sharply slowed the search for and development of new

domestic energy resources during the past several years, a period which demanded incentives for action---a period which saw our dependence on foreign oil imports nearly double.

However, under current leadership in the DOI the necessary OCS opportunities are being made available. The courts have now apparently perceived that development is a necessary part of our American way of life and have also recognized that Interior is indeed abiding by both the spirit and intent of the National Environmental Policy Act, as well as other pertinent laws and regulations in discharging their responsibility to protect our environment. Having thus been rebuffed, the forces of delay are now attacking the need for the potential new oil reserves.

It has been stated that new reserves in Southern Alaska will glut the West Coast market and that all new production would have to seek new markets such as Japan. This statement is not only totally misleading; it also ignores the compelling need---the national need to reduce oil imports.

My own Company's forecasts portray that need. In 1970, this country's oil imports were only 23% of demand. In 1973, the last year before recession, the Arab oil embargo and the OPEC-imposed crude price increases, this country consumed 17.3 million barrels per day of oil, and needed net imports of 6.2 million b/d---36% of the total to meet that demand. This year, with recovery from the recession underway, we will consume a little more, but we will need to import nearly 7-1/2 million b/d---well over 40% of our demand. By 1985, even with much lower growth rates for the consumption of both energy and oil, our oil consumption will rise to more than 21 million b/d, and required imports will be 10-11 million b/d, about 46% of our demand. And this assumes rapid development of our domestic coal resources, and rapid growth of nuclear power as well as substantial new oil from assisted recovery in existing fields and expeditious development of frontier area

oil and gas reserves offshore and in the Arctic. More detail on this outlook are shown in our Briefing Paper, "Energy: Can the U.S. Increase its Self-Sufficiency?", copy attached.

It is apparent that every area of promising oil and gas potential, every possible new barrel of domestic production must be developed. Even in 1976, each barrel of foreign oil imported entails an outflow of American funds to Foreign Governments of about \$11/bbl., a total of nearly \$30 billion in 1976. By 1985, with imports growing and OPEC unilaterally setting oil prices, the total is sure to be much higher. The national need for this new domestic production from the Lower Cook Inlet area is obvious.

Now, let me turn briefly to the West Coast oil supply situation, which has been the subject of so much misleading rhetoric.

From a purely "barrel balance" point of view, we would expect a near balance of oil supply and demand in the West -- District V -- through the next five years. With a full Alaska Pipeline (2 million b/d), continued Cook Inlet production, and 300,000 b/d of new Southern Alaska crude in 1985, a manageable surplus of 300,000-400,000 b/d at most might develop. This surplus is on the basis of no movement of crude from the West Coast eastward.

But, the future probably won't unfold that way. There will be the normal commerce problems one would expect when a massive new supply is introduced to an existing market. In a free market, these problems would be solved by the normal market mechanisms.

Unfortunately, government controls on oil prices, on oil allocations and in some cases unreasonably severe environmental restrictions all work to abort the normal market mechanism.

The new Alaskan Arctic oil is comparatively high in sulfur and in residuum content. This means that West Coast refiners will need to expend considerable capital on refinery downstream modifications to use this oil in place of offshore and Canadian imports. But, under existing Federal price and volume controls, and in the face of environmental opposition, particularly in California and Washington, it is doubtful that the refiners can make these needed modifications. The delays already imposed are crippling. The obvious solution is to move part of the West Coast oil supply to the U.S. Mid-continent, Midwest and Northern Tier refineries where the need is great and where many refineries are already equipped to handle this crude.

But even here various pipeline proposals are meeting environmental and regulatory resistance. Elimination of burdensome regulations, and reasonable approach to environmental protection will let the industry handle any surplus that might develop for the benefit of the nation as a whole.

An interesting fact - which you should not overlook - is that the quality of this new oil from the Lower Cook Inlet is likely to be similar to present Cook Inlet production, and very different from the Arctic oil. Very low in sulfur and lighter in gravity, this crude will be an excellent crude for the West Coast refineries and market requirements.

In summary, the industry has prepared for a sale in this area in a manner similar to other OCS leasing areas collecting exploratory data and interpreting it to arrive at an evaluation of the tracts. We have assessed the potential and find the USGS's figure reasonable and sufficient to proceed with evaluation of the area through lease acquisition and exploratory drilling. Finally, we see ample need for the potential production in the West Coast market. We ask that you consider these factors in

your deliberations, and we trust that your decision will allow us to get on with the job of increasing this country's domestic reserves.

LOWER COOK INLET
DRILLING AND PRODUCTION CAPABILITIES

Statement at
Department of the Interior
Hearing
Proposed Outer Continental Shelf Oil and Gas Lease Sale
Lower Cook Inlet
Anchorage, Alaska
August 24 - 25, 1976

By
Robert C. Visser
Representing Alaska Subarctic Offshore Committee

Lower Cook Inlet
Drilling and Production Capabilities

Statement of Robert C. Visser
Representing Alaska Subarctic Offshore Committee
Department of Interior Hearing
Proposed OCS Lease Sale Lower Cook Inlet

OPENING REMARKS

My name is Robert C. Visser. I am senior staff engineer for Shell Oil Company. I have worked in the oil industry since 1952 and for almost all of this period have been directly associated with the offshore. I am a registered Civil Engineer and have had a variety of assignments concerned with the development and implementation of technology for floating drilling, offshore platforms, offshore pipelines and production systems. Many of these assignments since 1965 have directly involved Alaska operations.

INTRODUCTION

The purpose of my presentation is to describe the offshore oil industry's capability to drill and develop the tracts scheduled for offering in the proposed sale.

To do this I will first briefly review the development and conditions in Upper Cook Inlet. The proximity of this area to Lower Cook Inlet permits it to serve as a good comparison regarding industry's capability to explore and develop a new area.

I will next briefly describe the physical characteristics of Lower Cook Inlet as these affect offshore operations. The draft environmental impact statement addresses itself in great detail and quite thoroughly to this part of the environment. The Department of the Interior is to be complimented on a very well researched and documented effort.

The remainder of my presentation will concern itself with the methods and equipment that the industry would plan to use following a lease sale. In this part of the presentation I will use a number of slides to illustrate the types of equipment and methods available.

UPPER COOK INLET DEVELOPMENT

The proximity of the proposed lease sale area to the existing production operations in Upper Cook Inlet leads to an immediate comparison between the two areas.

Exploratory drilling commenced in Upper Cook Inlet during the summer of 1962. The first permanent platform was installed in 1964 and first production from the Upper Cook Inlet commenced in 1965. The four oil fields and one gas field have to-date produced approximately 550 million barrels of oil and nearly 600 billion cubic feet of gas. Current production is about 133,000 barrels of oil and 215 million cubic feet of gas per day. This production comes from fourteen platforms that were installed in the period from 1964 to 1968.

This development was accomplished in an area that is far more hostile than the Lower Cook Inlet area. Tides in Upper Cook Inlet are among the highest in the world, ranging up to thirty feet. These tides in turn produce ten to twelve feet per second surface water currents. Furthermore, in contrast to Lower Cook Inlet, the area is covered with up to four foot thick ice during the winter months. During periods of ice cover the tides move the ice up and down the Inlet at essentially the same speed as the water current, exerting enormous crushing pressures on all objects in its path.

The design and installation of the permanent production platforms and pipelines in Upper Cook Inlet was a tremendous engineering accomplishment. The fact that it was done, and furthermore that it was done well, must be credited to the forward planning and extensive research performed by the oil companies operating in Upper Cook Inlet.

PHYSICAL ENVIRONMENT

Next a few comments on the physical environment in Lower Cook Inlet and how these would affect oil operations. Of particular interest to the offshore design engineers are maximum wave heights, current and wind velocities, ice conditions and the level of ground shaking due to earthquakes.

As expressed in the draft environmental impact statement the environmental conditions in Lower Cook Inlet are much less severe than encountered in other areas where the offshore oil industry is now operating. The Lower Cook Inlet has neither the strong currents and ice conditions of Upper Cook Inlet, nor does it have the high waves experienced in the Gulf of Alaska and the northern North Sea.

Our studies, for instance, indicate that the maximum wave height expected during a one hundred year interval in Lower Cook Inlet is somewhat less than sixty feet. This compares with a wave height of about one hundred feet in the Gulf of Alaska and the northern North Sea.

Ice is not expected to occur within the proposed lease sale area. Maximum current velocity of some 7 feet per second in Lower Cook Inlet compares with a current velocity of as much as 12 feet per second in Upper Cook Inlet. Maximum wind velocity with a one hundred year recurrence frequency in the lease sale area is about 110 miles per hour. This compares with a wind velocity of some 125 miles per hour expected under maximum conditions in the Gulf of Alaska.

The entire Cook Inlet area is considered to be an area of moderate to high seismic activity. Earthquake design loads, however, for platforms in Lower Cook Inlet are expected to be significantly lower than those for platforms in the Gulf of Alaska. This is because the focal depth of earthquakes in Lower Cook Inlet is expected to be in the order of 50 to 75 miles as against 6 to 10 miles in the Gulf of Alaska, thus restricting the amount of seismic energy that can reach the platform sites.

Indirect effects of an earthquake will have to be carefully considered. Tsunamis are of major importance in the design of shore facilities but are not a threat to offshore platforms. Submarine soil slides have occurred due to earthquakes in soft clay soils. The results of industry dart coring programs and acoustic surveys indicate that the bottom of Lower Cook Inlet consists of hard clays, sand and gravel. Accordingly, earthquake induced soil slides are not expected in the proposed lease sale area.

In summary then, the physical environment of Lower Cook Inlet does not pose any problems that have not been encountered in other offshore areas.

EXPLORATORY DRILLING

The first step after a lease sale has been held and after permits have been obtained is to do exploratory drilling on the newly acquired leases.

To do this exploratory drilling a family of mobile drilling units, see Figure 1, is available. As shown, drilling units have been built that are capable of drilling everywhere from the coastal marshlands out to over 3000 feet of water in the open sea.

Of the drilling units shown in the diagram, three types will likely be used for exploratory drilling in Lower Cook Inlet. These are the jack-up drilling unit, the semi-submersible drilling unit, and the ship-shape drilling unit. During the early 1960's both the jack-up and ship-shape type of drilling units were used to drill a large number of exploratory wells in Upper Cook Inlet.

Jack-up Drilling Unit

The jack-up drilling unit is generally used in water depths ranging from 50 feet to about 300 feet. As shown in Figure 2, this type of drilling unit floats to the location with its legs retracted. After arriving on location the legs are lowered to the sea bottom and the superstructure with the drilling unit is jacked up out of the water. Drilling operations from the jack-up rig are thus independent of sea conditions. They are dependent, however, on adequate ocean bottom bearing capacity.

Semi-Submersible Drilling Unit

Semi-submersible units are designed for use in the most hostile environments. They can operate in rough seas and stay on location in severe sea conditions. Having only vertical columns exposed to wave action provides this capability. Semi's have high operating cost but have the best drilling efficiency in hostile environments.

Figure 3 shows the Sedco 706 drilling unit which will commence exploratory drilling in the Gulf of Alaska in the near future.

Ship-shape Drilling Unit

Ship-shape drilling units, as the name implies, are basically ships or barges on which a drilling rig has been mounted. They are

generally self-propelled and are held on location with eight or more anchors.

The operating efficiency of ship-shaped units is affected by sea conditions. In rough seas they can remain at the drill site but may be forced to discontinue drilling. Their general application is in areas with less severe sea conditions, such as Lower Cook Inlet, and where mobility is important. Because of their ship shape, speeds up to 14 knots and passage through the inter-ocean canals are possible.

Figure 4 illustrates the Glomar Grand Isle ship-shape drilling unit which is currently drilling in Upper Cook Inlet.

FIELD DEVELOPMENT

If the exploratory drilling is successful in locating commercial hydrocarbons, the next step is normally installation of a platform from which development drilling can proceed. Wells are drilled directionally from these structures. As shown in Figure 5, wells may be drilled with a bottom hole location 5 to 7 thousand feet away from the surface location for the depth wells anticipated. For very deep water or for peripheral drilling to complete field development near a platform, subsea completions may be used.

There are basically three types of platforms that can be used for development in Lower Cook Inlet. These are the template type platform, the tower type platform and the gravity type platform. Both the template and the tower type platforms are secured to the ocean bottom with piling. The gravity type platform does not require piling.

Template Platforms

The evolution of the template type platforms is shown in Figure 6. Since installation of the first specifically designed steel structure in 20 feet of water in the Gulf of Mexico in 1947, the offshore industry now has fixed platforms in operation to about 500 feet of water, is installing one in 850 feet of water and is building a platform for 1,000 feet of water. The 1,000 foot waterdepth platform is expected to be installed in the Gulf of Mexico during 1978.

These structures consist of three basic components, the jacket or template, piling, and the deck. The jacket is fabricated onshore

in a horizontal position; it is then barged to location and launched to a vertical position on bottom. Piling are driven through members of the jacket to fix it securely to the bottom. The platform is completed by installing deck sections which contain both the drilling and production equipment.

Tower Platforms

The tower type platform differs from the template platform in that the jacket has only three or four very large legs. Like the template jacket it is built onshore. With its large diameter legs, this structure is self floating and does not require a barge for transport to the location. Upon arrival on location, the structure is upended by selective flooding of the large legs. Piling are then driven through the large legs to anchor the structure to the bottom. This type of structure is particularly adaptable to withstand the concentrated ice loads such as occur in Upper Cook Inlet. Fourteen structures of the type shown in Figure 7 have been installed in Upper Cook Inlet in the period from 1964 to 1968.

Gravity Platforms

The gravity type platform is a relatively new development. They do not require piling for stability. Several concrete gravity platforms have been and are being built for fields in the North Sea. Figure 8 shows the details of one such structure for 450 feet of water.

TRANSPORTATION

Generally, the preferred and safest way to transport offshore production is through a subsea pipeline to shore facilities. From this point the crude oil would then be transported by tanker to the U. S. West Coast.

The construction of subsea pipelines employs special pipelay barges. Figure 9 shows such a lay barge that was used in Upper Cook Inlet to install pipelines from the platforms to shore.

Pipelaying technology has kept pace with the offshore oil industry demands. Pipelines 36 inches in diameter have been installed in the northern North Sea in water depths over 500 feet. The technology exists today to install pipelines in water depths to 3000 feet.

Alternative methods to pipelining have been developed, particularly for marginal fields far from shore. One such system used in the northern North Sea is shown in Figure 10. This system employs a spar type loading buoy from which tankers are loaded.

SUMMARY

In conclusion then, the offshore oil industry's capability to safely explore and develop the tracts proposed for leasing has been demonstrated in other operating areas with more severe environmental conditions. The offshore oil industry has both the technical capability and the necessary equipment to commence operations in Lower Cook Inlet now.

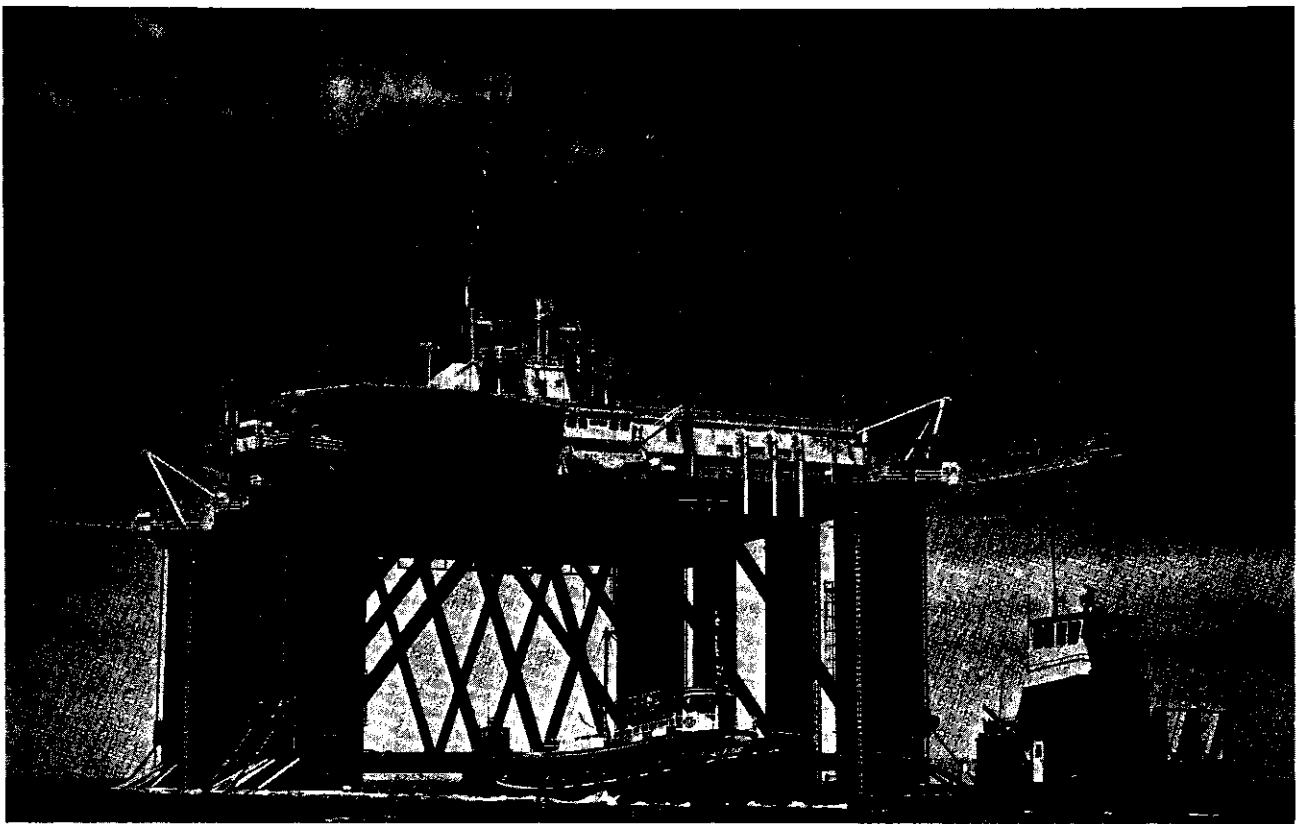


FIGURE 3
SEDCO 706 SEMI-SUBMERSIBLE DRILLING UNIT

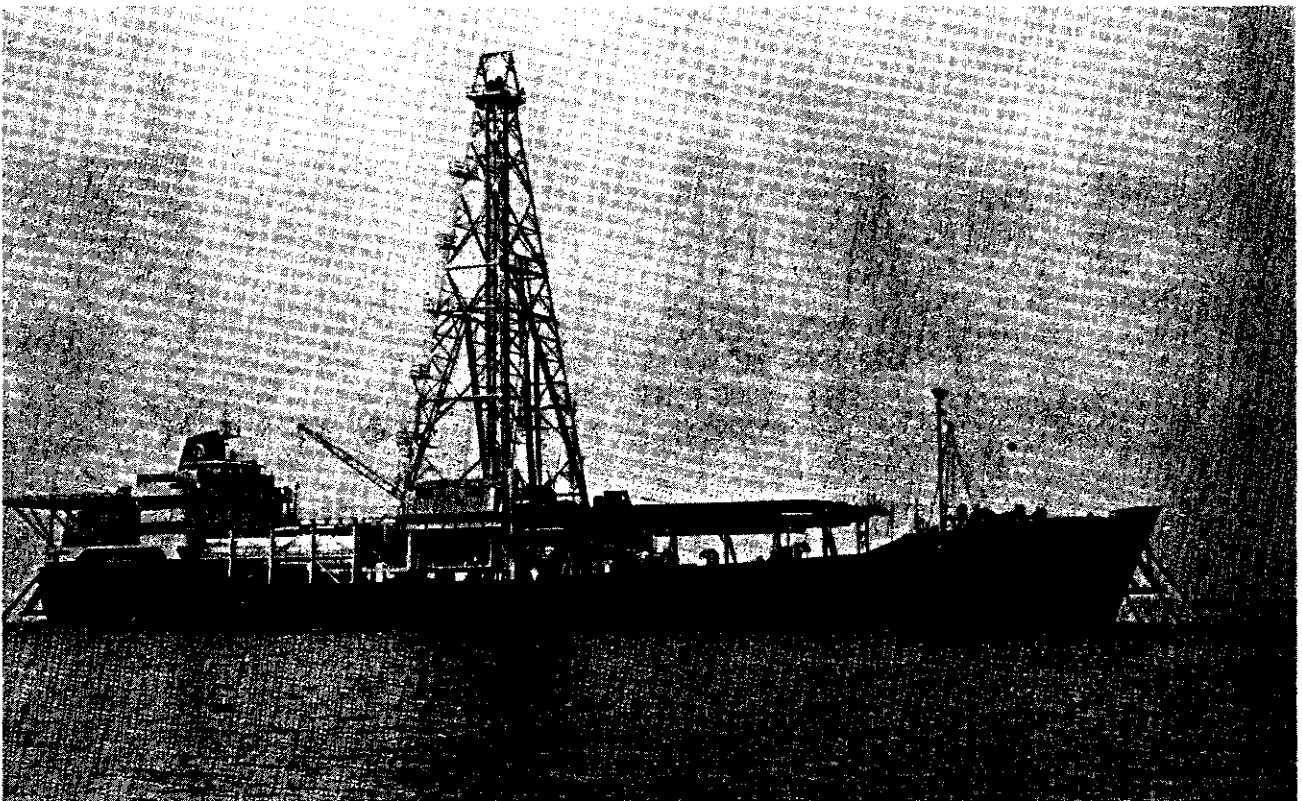


FIGURE 4
GLOMAR GRAND ISLE SHIP-SHAPE DRILLING UNIT

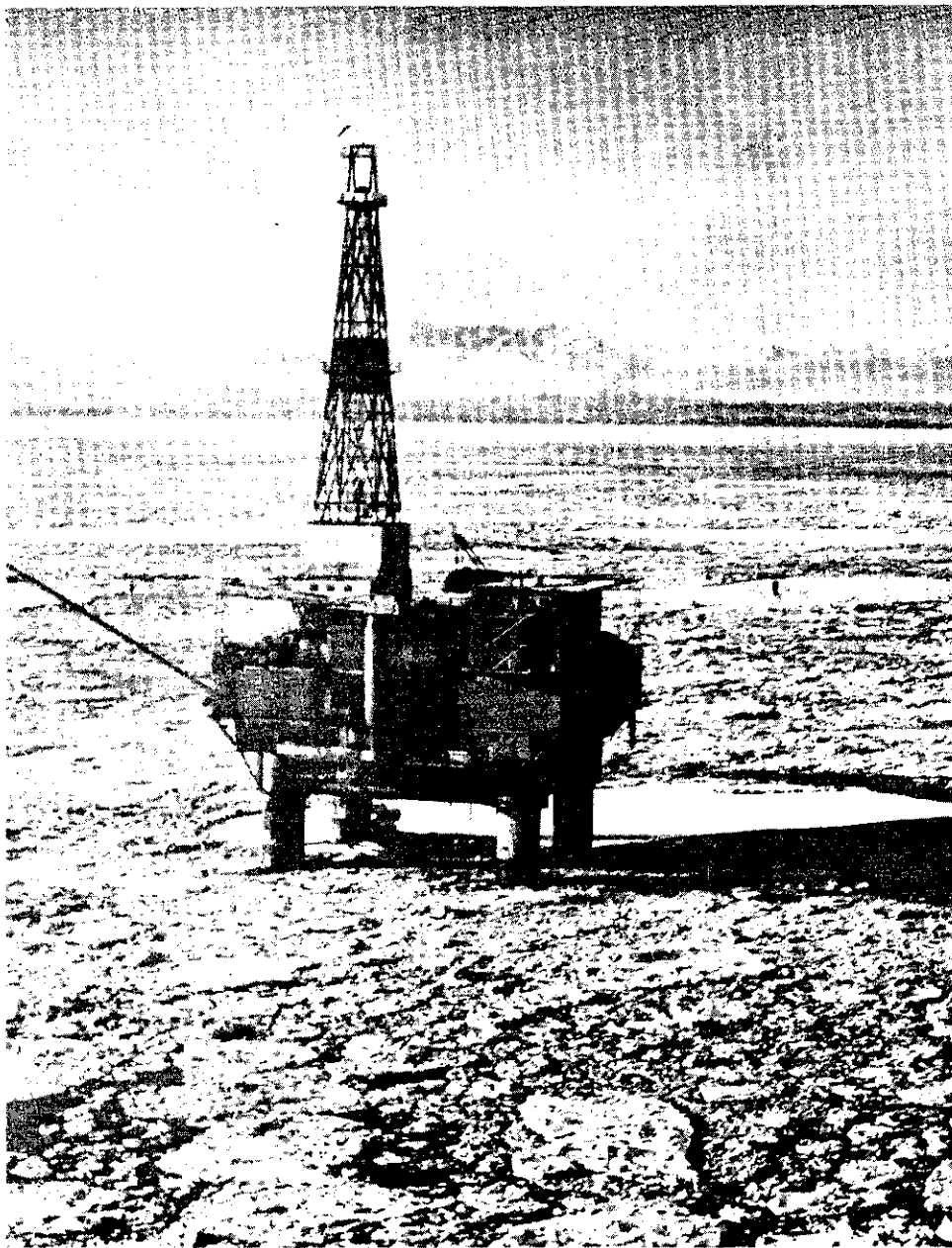


FIGURE 7
PLATFORM C IN UPPER COOK INLET DURING MODERATE ICE COVER

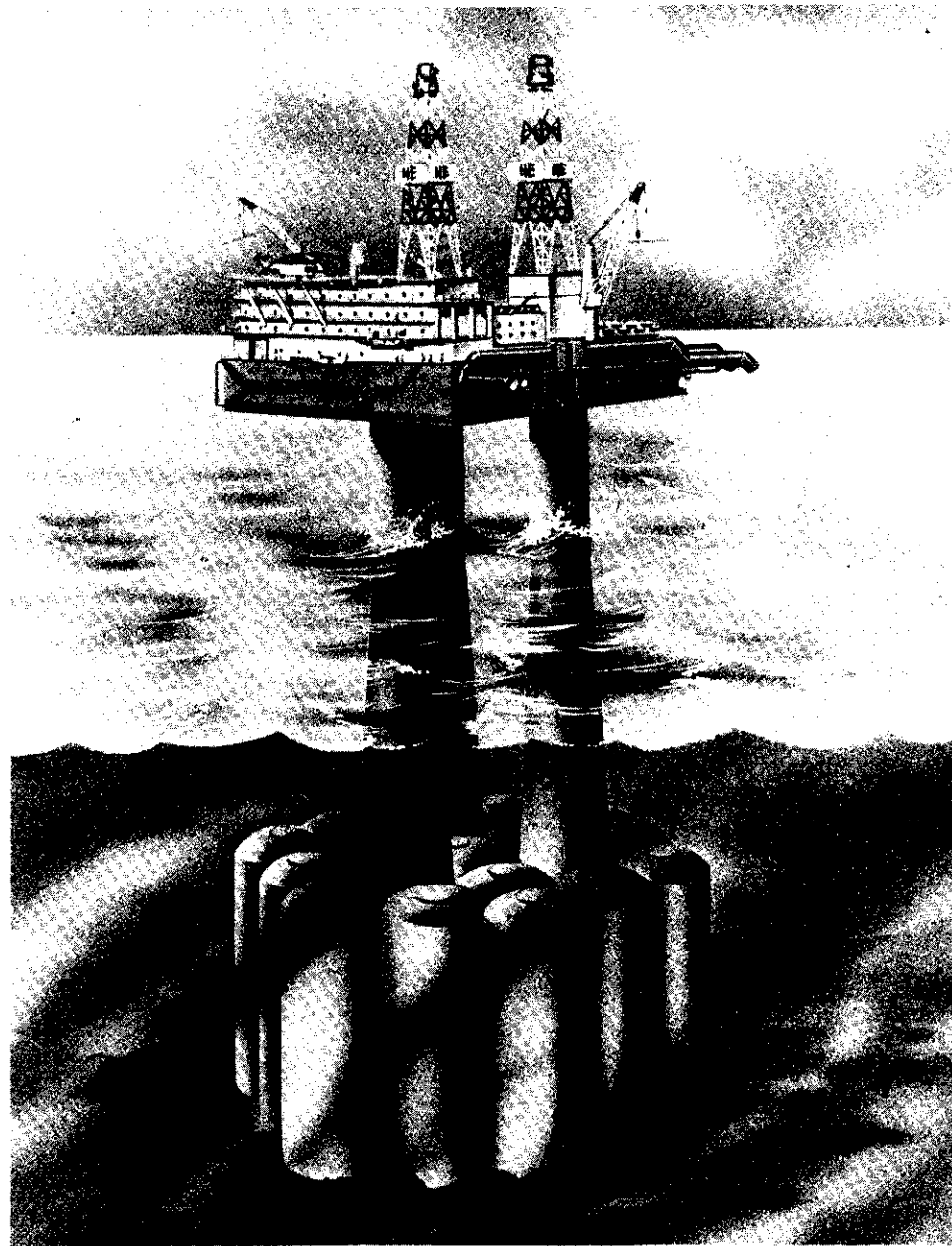


FIGURE 8
CONDEEP CONCRETE GRAVITY STRUCTURE

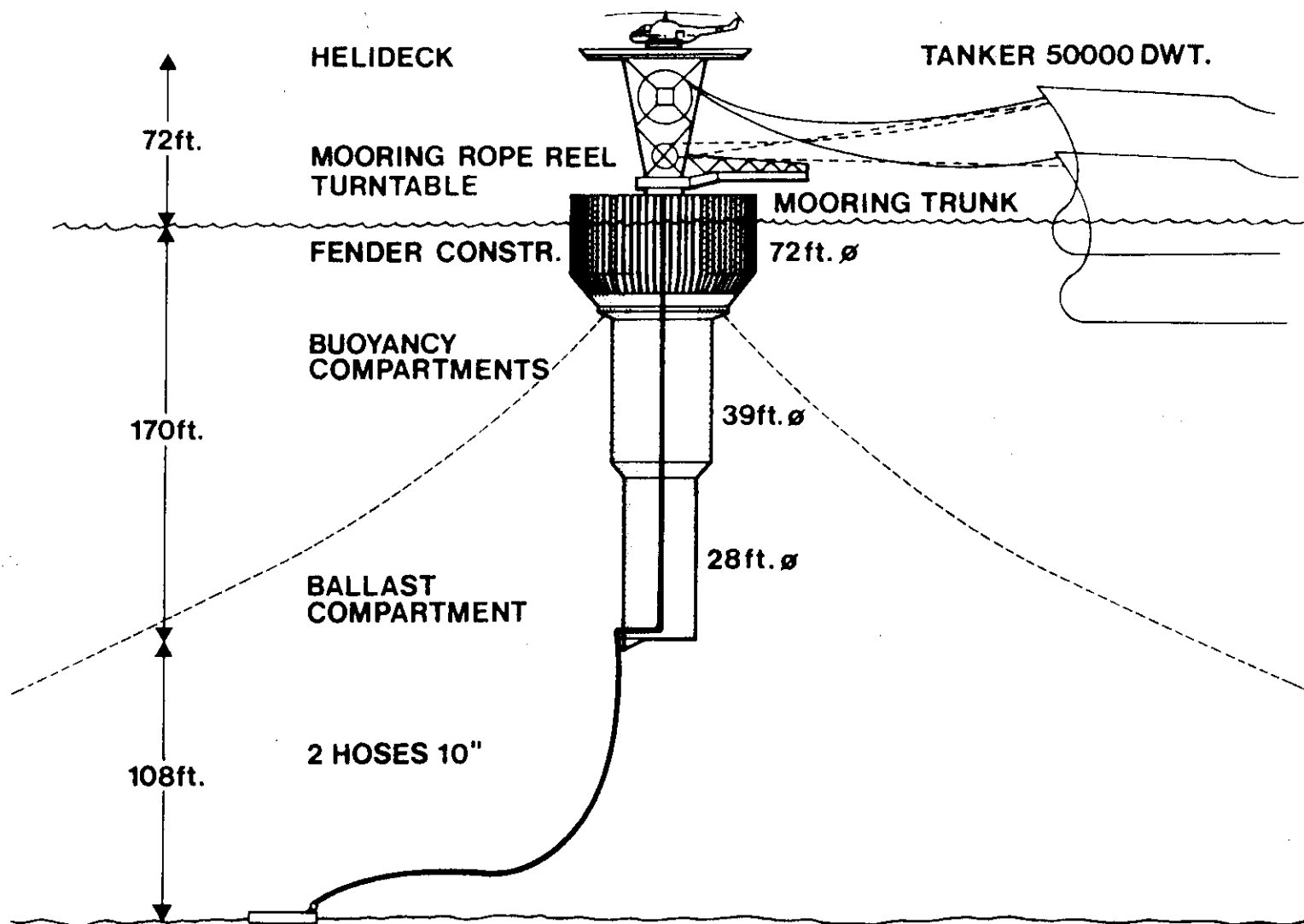


FIGURE 10
EXPOSED LOCATION SINGLE BUOY MOORING FOR TANKER
LOADING AT THE AUK FIELD IN THE NORTH SEA

ORAL STATEMENT OF
DR. FRANK J. HESTER

BEFORE THE
U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
HEARING
ON

PROPOSED OIL AND GAS LEASING

ON THE
LOWER COOK INLET

ANCHORAGE AND HOMER, ALASKA
AUGUST 24-26, 1976

ORAL STATEMENT OF DR. FRANK HESTER
PREPARED FOR THE PUBLIC HEARING ON
THE PROPOSED LOWER COOK INLET OCS
SALE

MY ADDRESS IS BOX 5665
SANTA BARBARA, CA 93108

I AM FRANK J. HESTER. ^A I AM A MARINE BIOLOGIST BY
TRAINING WITH A B.A. FROM THE UNIVERSITY OF CALIFORNIA,
SANTA BARBARA, AN M.S. FROM THE UNIVERSITY OF HAWAII, AND
A DOCTORATE FROM THE UNIVERSITY OF CALIFORNIA, SCRIPPS
INSTITUTION OF OCEANOGRAPHY. I HAVE HAD SOME 13 YEARS OF
EXPERIENCE WITH THE NATIONAL MARINE FISHERIES SERVICE, MOST
RECENTLY AS DIRECTOR OF THE HAWAII AREA AND THE HONOLULU
FISHERIES LABORATORY.

AT PRESENT I AM A PRIVATE CONSULTANT ON MARINE
BIOLOGY AND FISHERIES WITH MY OFFICE AND HOME IN SANTA
BARBARA, CALIFORNIA. I HAVE BEEN RETAINED BY COUNSEL FOR
THE ALASKA SUBARCTIC OFFSHORE COMMITTEE TO REVIEW THE DRAFT
ENVIRONMENTAL IMPACT STATEMENT FOR THE LOWER COOK INLET,
WITH SPECIAL REFERENCE TO THOSE PORTIONS OF THE STATEMENT
COVERING BIOLOGICAL IMPACTS AND FISHERIES.

WHILE I MUST COMMEND THE THOROUGHNESS OF THE
DRAFT EIS, IT IS MY OPINION THAT IT OVERDRAMATIZES POSSIBLE
IMPACTS, PARTICULARLY WITH REGARD TO THE EFFECTS OF PETROLEUM

HYDROCARBONS ON MARINE ORGANISMS, THE IMPACT OF THE PROJECTED DEVELOPMENT ON FISHERIES, AND POSSIBLE HEALTH HAZARDS FROM CONTAMINATED SEAFOODS. I REALIZE, OF COURSE, THAT THE AUTHORS OF THE EIS MUST BE CONSERVATIVE IN THEIR APPROACH IN ORDER TO GIVE MAXIMUM CONSIDERATION TO ENVIRONMENTAL IMPACTS. HOWEVER, I BELIEVE THAT THE BEST AND MOST CURRENT SCIENTIFIC INFORMATION INDICATES THAT THE POTENTIAL ENVIRONMENTAL IMPACTS ARE MUCH LESS HARSH THAN AS SET FORTH IN THE DRAFT STATEMENT. THEREFORE, IN MY REMAINING TIME, I WOULD LIKE TO PRESENT SOME EMPIRICAL EVIDENCE THAT IS AVAILABLE AND SHOWS THAT THE IMPACT OF OIL AND GAS DEVELOPMENT ACTIVITIES ON THE MARINE ENVIRONMENT ARE MINOR.

THERE ARE THREE MAJOR OCS AREAS WHERE OIL AND GAS DEVELOPMENT ACTIVITIES HAVE BEEN EXTANT FOR DECADES. THESE ARE SOUTHERN CALIFORNIA, THE GULF OF MEXICO, AND LAKE MARACAIBO, VENEZUELA. EACH OF THESE AREAS HAS BEEN THE SUBJECT OF DETAILED STUDY AS TO THE EFFECTS OF THIS DEVELOPMENT ACTIVITY ON THE ENVIRONMENT. IN EACH CASE THE CONCLUSIONS HAVE BEEN THE SAME, NAMELY, THAT EFFECTS HAVE BEEN MINOR OR NOT DETECTABLE. SOME WILL ARGUE THAT ALASKA IS DIFFERENT AND THAT THE OFFSHORE EXPERIENCE IN OTHER

AREAS IS NOT PERTINENT. THIS IS INCORRECT. BASIC INFORMATION REGARDING ENVIRONMENTAL IMPACTS IN OTHER AREAS ARE RELEVANT HERE BECAUSE BASIC BIOLOGICAL, CHEMICAL, PHYSICAL PROCESSES AND THEIR FUNCTIONAL RELATIONSHIPS ACTING ON ORGANISMS ARE THE SAME THROUGHOUT THE WORLD. I WILL DISCUSS THIS MORE LATER.

I AM MOST FAMILIAR WITH THE STUDIES IN THE SANTA BARBARA CHANNEL, CHIEFLY THOSE THAT FOLLOWED THE 1969 OIL SPILL, AND I WILL CONFINE MY COMMENTS TO THAT AREA. HOWEVER, I WISH TO POINT OUT THAT A CONSORTIUM OF UNIVERSITIES HAS CONDUCTED STUDIES ON PORTIONS OF THE GULF OF MEXICO, AND THE BATTELLE NORTHWEST LABORATORIES HAVE DONE EXTENSIVE STUDIES OF LAKE MARACAIBO. THESE STUDIES ARE AVAILABLE FOR REVIEW.

OIL AND GAS ACTIVITIES IN THE SANTA BARBARA CHANNEL BEGAN SOME 80 YEARS AGO WITH NEARSHORE DRILLING AND PRODUCTION FROM WELLS ON PIERS ALONG THE COAST. PRODUCTION CONTINUES FROM SOME OF THESE STRUCTURES TO THE PRESENT DAY. BEGINNING IN THE LATE 1950'S EXPLORATION AND PRODUCTION ON TRUE OFFSHORE PLATFORMS BEGAN. IN GENERAL, NO SPECIAL PRECAUTIONS WERE TAKEN DURING THIS TIME WITH THE

DISCHARGES OF MUDS, CUTTINGS, DECK DRAINAGE, DOMESTIC AND SANITARY WASTES, AND PRODUCED WATER. MORE THAN 500 DEVELOPMENT WELLS HAVE BEEN DRILLED IN THE CHANNEL FROM THESE PLATFORMS, ABOUT WHAT IS PROJECTED FOR THE LOWER COOK INLET. THIS PRODUCTION TAKES PLACE IN A SEMI-ENCLOSED BODY OF WATER BETWEEN THE MAINLAND AND A SERIES OF OFFSHORE ISLANDS, WHICH IS LESS THAN HALF THE SIZE OF THE LOWER COOK INLET. THE CHANNEL IS AN IMPORTANT FISHING AREA, PRODUCING ABOUT 15% OF THE CALIFORNIA CATCH OF FISH AND SHELLFISH. THE CATCH AMOUNTS TO SOME 30 MILLION POUNDS PER YEAR ON AN AVERAGE, WORTH MORE THAN \$2 MILLION DOLLARS. THE CHANNEL IS ALSO AN AREA OF CONSIDERABLE SPORTFISHING ACTIVITY FOR A VARIETY OF SPECIES INCLUDING OCCASIONAL RUNS OF COHO SALMON IN THE VICINITY OF THE OIL PLATFORMS.

IN 1969 AN ESTIMATED 33 THOUSAND BARRELS OF OIL SPILLED INTO THE CHANNEL IN ABOUT A TWO WEEK PERIOD.¹⁾ NUMEROUS STUDIES OF THE AREA WERE MADE DURING AND FOLLOWING THE SPILL TO ASSESS THE EFFECTS OF THE SPILL ON THE CHANNEL ECOSYSTEM. BIOLOGICAL EFFECTS WERE FEW, BEING CONFINED TO THE INTERTIDAL ZONE AND TO MARINE BIRDS. NO SIGNIFICANT SUBTIDAL OR PELAGIC ZONE EFFECTS WERE NOTED. FOR EXAMPLE, THE NATIONAL MARINE FISHERIES SERVICE MADE PLANKTON NET

1) PETROLEUM IN THE MARINE ENVIRONMENT. NATIONAL ACADEMY OF SCIENCES, WASHINGTON, D.C., 1975. SEE PAGE 75.

TOWS BENEATH THE SLICK AND FOUND NO DEAD OR DYING FISH EGGS OR LARVAE.¹⁾ THE CALIFORNIA DEPARTMENT OF FISH AND GAME CONDUCTED A SERIES OF TRAWLING ASSESSMENT CRUISES THROUGH THE AREA AND FOUND NO DEAD OR DYING FISHES.²⁾ COMMERCIAL FISH CATCHES FROM THE AREA WERE NOT DIMINISHED IN 1969, OR IN SUBSEQUENT YEARS. AS IS NOTED IN THE DRAFT EIS, SPORT CATCH DID DECLINE IN 1969, BUT THAT WAS BECAUSE BAD PUBLICITY KEPT FISHERMEN AWAY AND NOT BECAUSE OF ANY LACK OF FISH.

IN ADDITION TO INPUTS FROM MANMADE SOURCES, THE CHANNEL IS SUBJECT TO MAJOR INPUTS OF PETROLEUM HYDROCARBONS FROM NATURAL SOURCES. THE SANTA BARBARA CHANNEL CONTAINS SEVERAL NATURAL OIL SEEPS THAT HAVE BEEN ESTIMATED TO CONTRIBUTE 100 TO 200 BARRELS OF CRUDE OIL PER DAY TO THE MARINE WATERS.³⁾ ON AN ANNUAL BASIS THIS VOLUME - AS MUCH AS 73,000 BARRELS - EASILY SURPASSES THAT SPILLED IN 1969. THERE ARE NO DATA TO SUGGEST THAT THE WATERS OF THE CHANNEL ARE ANY LESS PRODUCTIVE BECAUSE OF THE SEEP OIL THAN ARE THE WATERS ELSEWHERE IN THE STATE WHERE SEEPS DO NOT OCCUR. OF PARTICULAR NOTE IS THAT OFF COAL OIL POINT, THE SITE OF THE LARGEST KNOWN SEEP IN THE CHANNEL (50 TO 100 BARRELS PER DAY), AND THE LOCATION OF PLATFORM HOLLY, IS ONE OF

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- 1) NATIONAL MARINE FISHERIES SERVICE CRUISE REPORT #33. U.S. DEPT. INT. FISHERY-OCEANOGRAPHY CENTER, LA JOLLA, CA, 1969
 - 2) SANTA BARBARA OIL LEAK. CALIF. DEPT. FISH AND GAME INTERIM REPORT, 1969.
 - 3) SCI. 170:974-977, 1970.

THE TWO MOST PRODUCTIVE AREAS IN THE CHANNEL FOR SPOT PRAWN PANDALUS PLATYCEROS, A SPECIES THAT IS FISHED IN THE COOK INLET.

IN ADDITION TO THE OIL SPILL STUDIES THERE ARE STUDIES BY THE DEPARTMENT OF FISH AND GAME¹⁾ AND THE SOUTHERN CALIFORNIA COASTAL WATER RESEARCH PROJECT²⁾ ON THE LONG TERM IMPACT OF OCS DEVELOPMENT ON THE AREA. THESE STUDIES SHOW NO DETRIMENTAL EFFECTS, INDEED THEY SHOW THAT THE PLATFORMS ARE CENTERS OF BIOLOGICAL PRODUCTIVITY: THE BOTTOM UNDER THE PLATFORMS IS NOT STERILE, AND THE LEGS OF THE PLATFORMS ARE COVERED WITH HEALTHY MARINE GROWTH. FURTHER, MY OWN STUDIES OF FISH CATCH IN THE AREA OF THE PLATFORMS SHOW THAT THERE HAS BEEN NO DECREASE IN LANDINGS OVER THAT PERIOD ATTRIBUTABLE TO OCS ACTIVITIES. IN FACT CATCHES HAVE INCREASED. AVAILABLE DATA FROM THE AREA SHOW THAT MUD, CUTTINGS AND OTHER DISCHARGES HAVE HAD NO DETRIMENTAL EFFECTS IN MARINE WATERS.

AS I SAID PREVIOUSLY, IT HAS BEEN ARGUED THAT SUCH STUDIES ARE AREA SPECIFIC, THAT IS, ARE NOT APPLICABLE TO NEW AREAS. FOR EXAMPLE, ASIDE FROM THE FACT THAT A FEW

1) CALIF. FISH AND GAME, FISH BULL. 124:93PP., 1964.

2) PROC. 1976 OFFSHORE TECH. CONF. VOL. 11:27-37.

SPECIES FOUND IN THE SANTA BARBARA CHANNEL ALSO OCCUR IN COOK INLET, ONE MIGHT WONDER HOW APPLICABLE STUDIES OF THAT AREA ARE TO THE ALASKA SITUATION? THIS TYPE OF QUESTION WAS RAISED AT THE PUBLIC HEARINGS HELD IN HOMER FOLLOWING THE SALE OF STATE OIL LEASES IN KACHEMAK BAY. TO ANSWER THAT SPECIFIC QUESTION SHELL OIL COMPANY, LATER JOINED BY FIVE OTHER COMPANIES, SPONSORED A SPECIAL STUDY. THE STUDY WAS DESIGNED AND CONDUCTED BY THE NATIONAL MARINE FISHERIES SERVICE NOAA. THE WORK WAS DONE AT THE AUKE BAY LABORATORY NEAR JUNEAU AND AT THE KASITSNA BAY FIELD STATION ACROSS KACHEMAK BAY FROM HOMER. THE CONCLUSIONS OF THIS STUDY SOLELY ARE THOSE OF THE NMFS SCIENTISTS WHO DID THE WORK. I WAS FORTUNATE TO BE THE ADMINISTRATOR OF THAT CONTRACT. THE RESULTS OF THE STUDY ARE AVAILABLE, INDEED THE REPORT IS CITED SEVERAL TIMES IN THE DRAFT EIS. I AM MOST DISAPPOINTED TO SAY THE MAIN OBJECT OF THE STUDY WAS NOT NOTED IN THE DRAFT. ALTHOUGH MOST OF THE CONCLUSIONS OF THE STUDY WERE QUOTED IN THE DRAFT EIS, THE MOST IMPORTANT ONE WAS NOT, SO I QUOTE IT NOW: "OUR STUDIES DO NOT SUGGEST THAT MAJOR DIFFERENCES EXIST BETWEEN THE RESPONSES OF THE ALASKAN MARINE ANIMALS TESTED AND THE RESPONSES OF MARINE ANIMALS FROM OTHER AREAS AS REPORTED IN THE LITERATURE".

THE POINT IS THAT THE NATIONAL MARINE FISHERIES SERVICE STUDY WAS A COMPARATIVE STUDY TO PROVIDE AN INDICATION AS TO WHETHER OR NOT THE ALASKAN MARINE ANIMALS SHOULD BE CONSIDERED UNIQUE IN THEIR SENSITIVITY TO OIL. TO ME THIS IS A MOST IMPORTANT QUESTION, SINCE IT NOW APPEARS, BASED IN PART ON THIS PARTICULAR STUDY, THAT ONE CAN HAVE CONSIDERABLE CONFIDENCE THAT DATA FROM THESE OTHER OIL AND GAS AREAS CAN BE APPLIED TO THE ALASKA SUBARCTIC AREA. THIS ALLOWS THE AUTHORS OF THE EIS TO DRAW UPON A BROAD DATA BASE THAT STRONGLY INDICATES THAT OIL AND GAS DEVELOPMENT ACTIVITIES AS PRESENTLY PRACTICED WOULD NOT BE EXPECTED TO HAVE A DETECTABLE EFFECT ON THE MARINE ECOSYSTEM. THESE DATA ARE MOST USEFUL IN ASSESSING POSSIBLE EFFECTS THAT MIGHT RESULT FROM DEVELOPMENT OF THE PROPOSED LEASES.

I APPRECIATE YOUR ATTENTION AND WILL BE HAPPY TO ATTEMPT TO ANSWER ANY QUESTIONS YOU MAY HAVE.

STATEMENT OF J. P. JOHNSON
SOUTH ALASKA DISTRICT MANAGER
HEARINGS ON PROPOSED OIL AND GAS LEASING
LOWER COOK INLET
HOMER, ALASKA
AUGUST 26, 1976

MY NAME IS JESS JOHNSON. AS MANAGER OF ATLANTIC RICHFIELD COMPANY'S SOUTH ALASKA DISTRICT, I AM RESPONSIBLE FOR COMPANY OPERATIONS IN SOUTH ALASKA, WHICH INCLUDE OUR PRESENT OPERATIONS IN THE UPPER COOK INLET AND THE EXPLORATION EFFORT INVOLVING ALL OCS AREAS IN ALASKA FROM THE BERING STRAITS TO THE CANADIAN BORDER IN SOUTHEAST ALASKA. I REPRESENT MY COMPANY ON THE ALASKA SUBARCTIC OFFSHORE COMMITTEE, BEING THE CHAIRMAN OF THE SUBCOMMITTEE DEALING WITH OIL SPILL CLEANUP. I AM PRESENTLY CHAIRMAN OF THE GULF OF ALASKA CLEANUP ORGANIZATION AND SUPERVISE THE INDIVIDUAL WHO REPRESENTS MY COMPANY ON THE COOK INLET RESPONSE ORGANIZATION.

THE OIL INDUSTRY HAS DEMONSTRATED ITS CONCERN FOR THE ENVIRONMENT BY EMPHASIZING MEASURES TO PREVENT OIL SPILLS. THESE MEASURES INCLUDE TRAINING OF PERSONNEL TO REDUCE HUMAN ERRORS, THE INSTALLATION OF SAFETY AND POLLUTION PREVENTION EQUIPMENT, AND THE USE OF INSPECTION PROCEDURES TO INSURE THAT THE EQUIPMENT WORKS PROPERLY. IN ADDITION TO THESE EXTENSIVE MEASURES DESIGNED TO PREVENT OIL SPILLS,

INDUSTRY IS TAKING ADDITIONAL PRECAUTIONS TO COPE WITH OIL SPILLS IF THEY SHOULD OCCUR. I AM SURE THAT YOU ARE GENERALLY FAMILIAR WITH THE NUMEROUS INDUSTRY OIL SPILL CLEANUP ORGANIZATIONS AND COOPERATIVES IN OTHER OCS AREAS. THESE ORGANIZATIONS AND COOPERATIVES HAVE CONDUCTED RESEARCH TO DEVELOP NEW AND IMPROVED EQUIPMENT, SUCH AS SKIMMING DEVICES AND CONTAINMENT BOOMS. TWO SUCH ORGANIZATIONS EXIST IN THE VICINITY OF THE PROPOSED LOWER COOK INLET LEASE SALE. THESE ARE THE GULF OF ALASKA CLEANUP ORGANIZATION, FORMED IN 1975, AND THE COOK INLET RESPONSE ORGANIZATION.

WHEN WE THINK ABOUT OIL SPILL CLEANUP IN THE LOWER COOK INLET, WE FIND THAT THE EXPERIENCE OF THESE OTHER ORGANIZATIONS IS USEFUL TO US. THIS IS TRUE EVEN THOUGH WIND VELOCITIES AND WAVE HEIGHTS IN THE LOWER COOK INLET ARE NOT EXPECTED TO BE AS SEVERE AS THOSE IN THE NORTHERN GULF, AND THE ICE PROBLEMS OF THE UPPER COOK INLET WILL NOT BE ENCOUNTERED. THUS, OIL SPILL CLEANUP EQUIPMENT BEING DEVELOPED FOR THE MORE RIGOROUS ENVIRONMENTS OF THE NORTHERN GULF AND THE EQUIPMENT IN USE IN THE UPPER INLET SHOULD BE USEFUL IN THE LOWER INLET.

IT IS ANTICIPATED THAT DURING THE EXPLORATION PHASE OF OFFSHORE OPERATIONS IN THE PROPOSED SALE AREA, CLEANUP EQUIPMENT SHOULD BE PROVIDED (1) FOR EXPLORATORY DRILLING VESSELS, (2) FOR SHORE BASES USED IN SUPPLYING THE EXPLORATORY OPERATIONS, AND (3) FOR OPEN OCEAN AREAS WITHIN THE SALE AREA.

THE COOK INLET RESPONSE ORGANIZATION (FORMERLY THE COOK INLET OIL SPILL COOPERATIVE) HAS RECENTLY DEFINED ITS AREA OF INTEREST TO INCLUDE THE AREA OF THE PROPOSED SALE. THE COOK INLET RESPONSE ORGANIZATION, OR THE INDIVIDUAL DRILLING OPERATORS, WILL FURNISH OIL SPILL CONTAINMENT AND CLEANUP EQUIPMENT TO COMBAT SPILLS AT THE DRILLING SITE. EQUIPMENT ON THE DRILLING VESSEL WILL PROVIDE IMMEDIATE RESPONSE TO ANY SPILLS ORIGINATING AT THAT POINT. THE SPECIFIC EQUIPMENT MAY BE DIFFERENT FOR EACH OPERATOR AND/OR DRILLING VESSEL BUT WILL CONSIST OF SUCH ITEMS AS A BOOM, SKIMMER, STORAGE CONTAINER, SORBENTS, AND DISPERSANTS. EACH OPERATOR, OF COURSE, WILL BE RESPONSIBLE FOR THE TRAINING AND DEPLOYMENT TECHNIQUES FOR THE DRILLING VESSEL UNDER HIS SUPERVISION.

ADDITIONAL EQUIPMENT OF A SIMILAR NATURE WILL BE LOCATED AT SHORE BASES FOR PROTECTION OF THE SHORELINE, AND CAN BE DEPLOYED AS NEEDED TO ASSIST ANY DRILLING VESSEL OR OPEN OCEAN CLEANUP. INCLUDED IN THIS EQUIPMENT ARE SUCH ITEMS AS HARBOR BOOM, SKIMMER, SORBENTS, DISPERSANTS, COLLECTANTS, AND WORKBOATS. THE DRAFT EIS LISTS EQUIPMENT AVAILABLE AT EXISTING SHORE BASES IN APPENDIX 9.

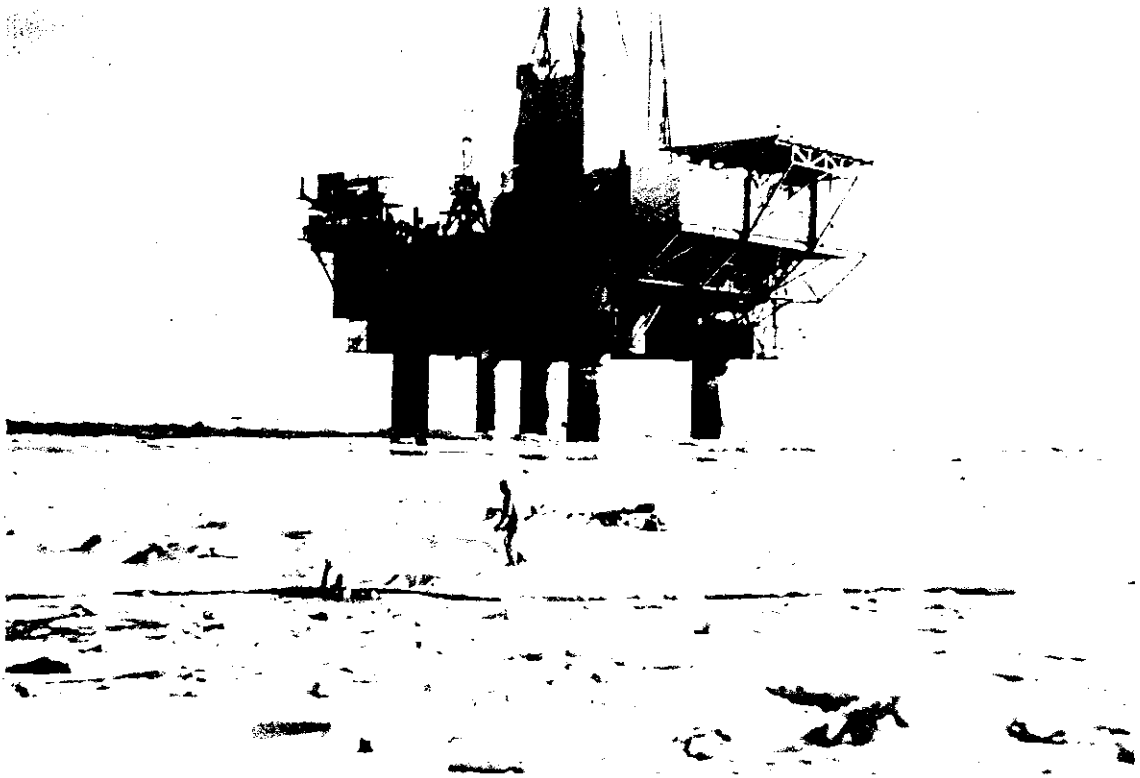
ONSHORE, BUT FOR USE PRIMARILY OFFSHORE, WILL BE ADDITIONAL EQUIPMENT. IF THE ONSHORE BASE OF OPERATIONS IS LOCATED AT HOMER, THEN THIS ADDITIONAL EQUIPMENT WOULD BE STORED THERE. EXPECTED HERE WOULD BE AN OCEAN SKIMMER

DEPLOYABLE FROM A WORKBOAT, OCEAN-TYPE CONTAINMENT BOOM, TOWABLE CONTAINERS, ADDITIONAL DISPERSANTS, COLLECTANTS, AND CHEMICAL APPLICATION APPARATUS.

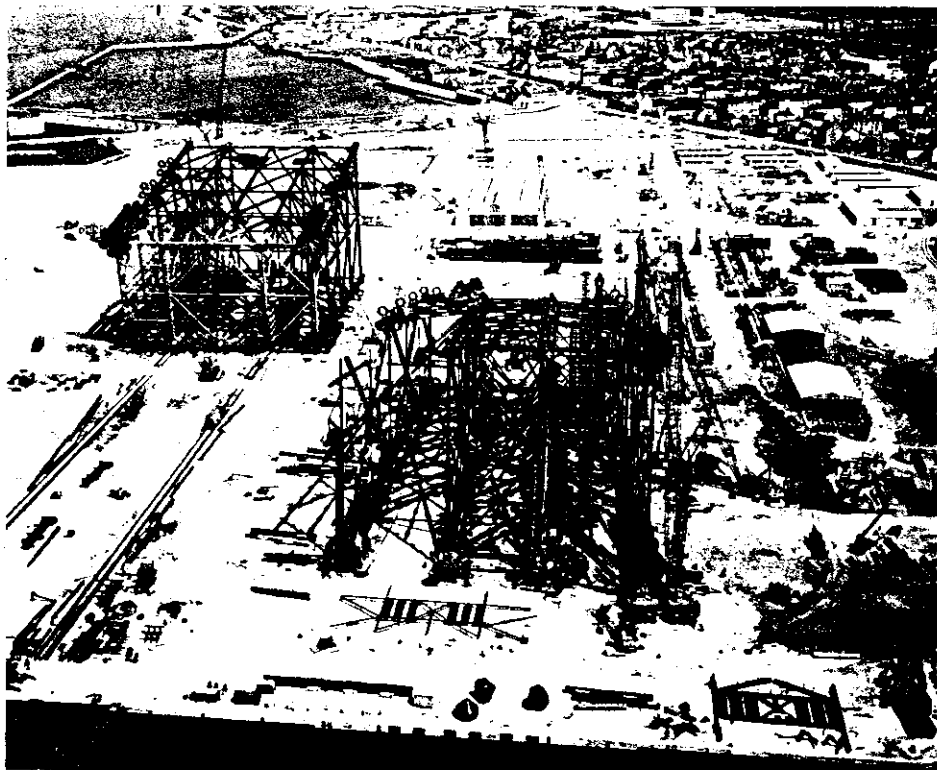
AN INTEGRATED RESPONSE PLAN UTILIZING MANPOWER AND EQUIPMENT FROM EVERY POSSIBLE SOURCE WILL BE PROVIDED TO THE UNITED STATES GEOLOGICAL SURVEY PRIOR TO RECEIVING ANY PERMIT TO DRILL IN THE LOWER COOK INLET.

IN CONCLUSION, LET ME STATE THAT THE INDUSTRY CLEANUP ORGANIZATIONS IN THIS AREA ARE IN THE PROCESS OF RE-ASSESSING THEIR REQUIREMENTS BOTH FROM AN ORGANIZATIONAL AND A MANAGERIAL STANDPOINT. IT'S POSSIBLE THAT BY THE TIME OF THE PROPOSED SALE THE STEPS WILL HAVE BEEN TAKEN TO FORM A SINGLE CLEANUP RESPONSE ORGANIZATION FOR THE UPPER COOK INLET, THE LOWER COOK INLET, AND THE GULF OF ALASKA. AT THE SAME TIME, WE ARE TAKING A HARD LOOK AT THE STRUCTURE OF THESE ORGANIZATIONS AND MAY DETERMINE THAT THE SERVICES OF A FULL-TIME CONTRACTOR-MANAGER IS DESIRABLE. I THINK THAT MUCH IS TO BE SAID FOR THE DESIRABILITY OF A SINGLE ORGANIZATION, AND YOU MAY BE ASSURED THAT WE WILL ADVISE THE DEPARTMENT OF ANY CHANGES WHICH ARE MADE IN THIS REGARD.

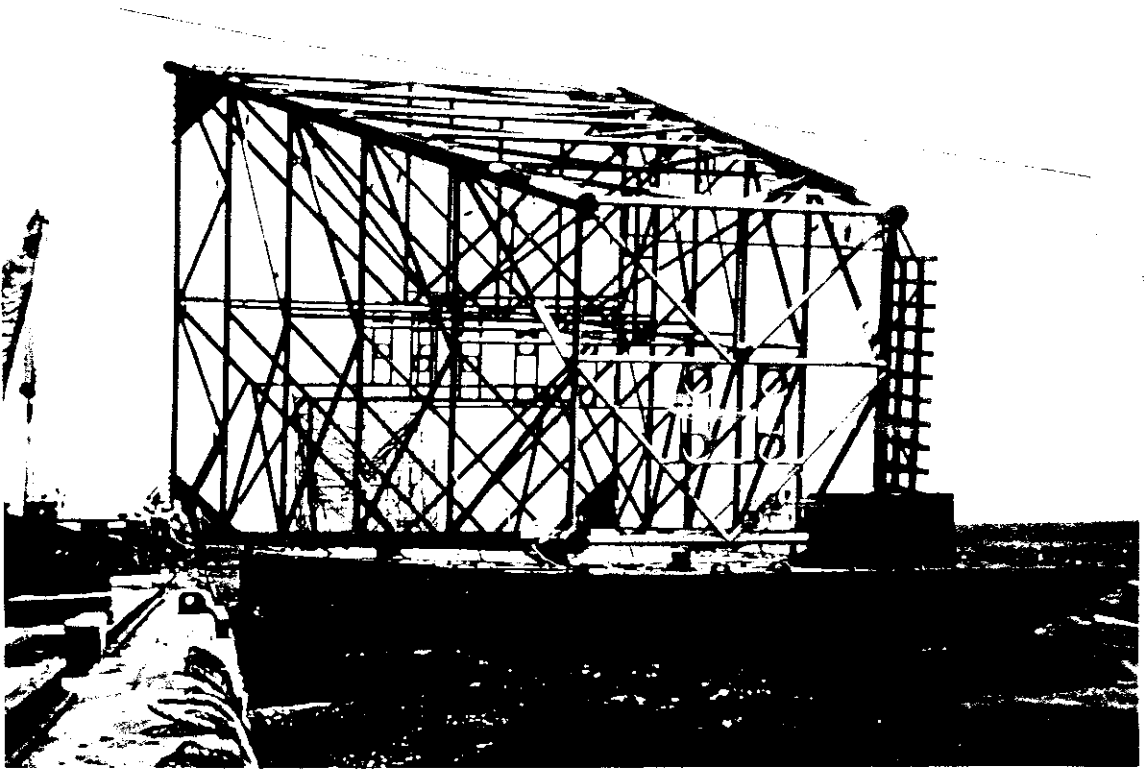
THANK YOU FOR YOUR ATTENTION.



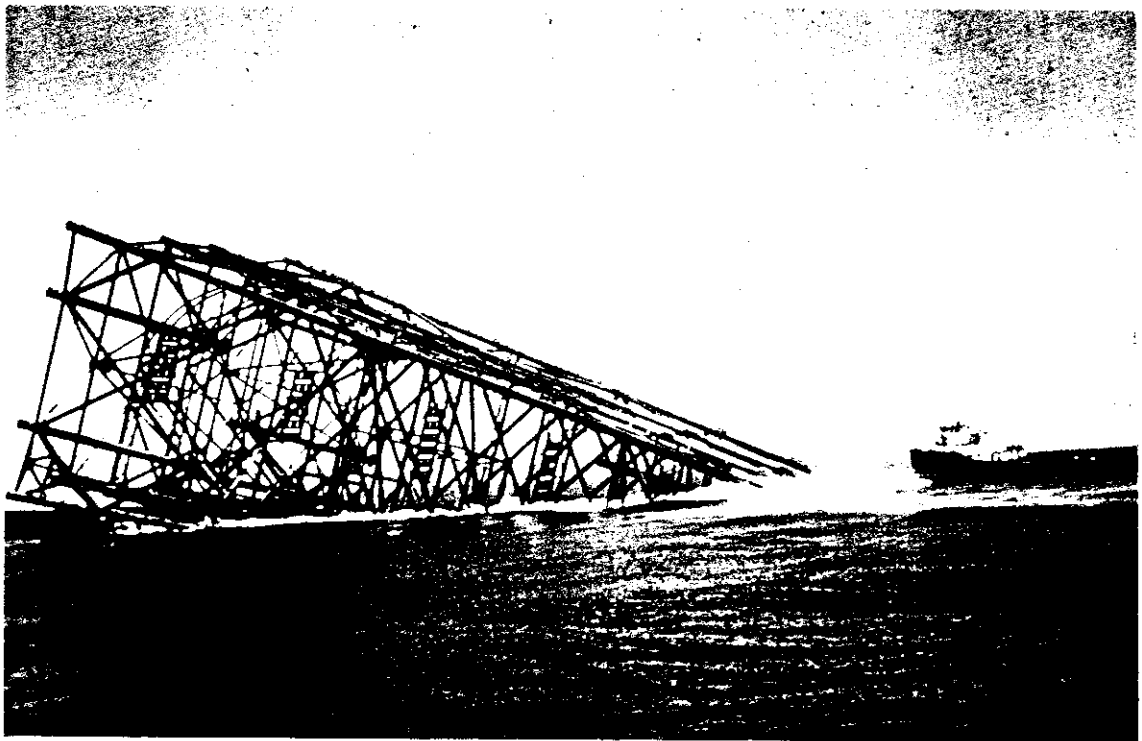
SLIDE 1 COOK INLET PLATFORM



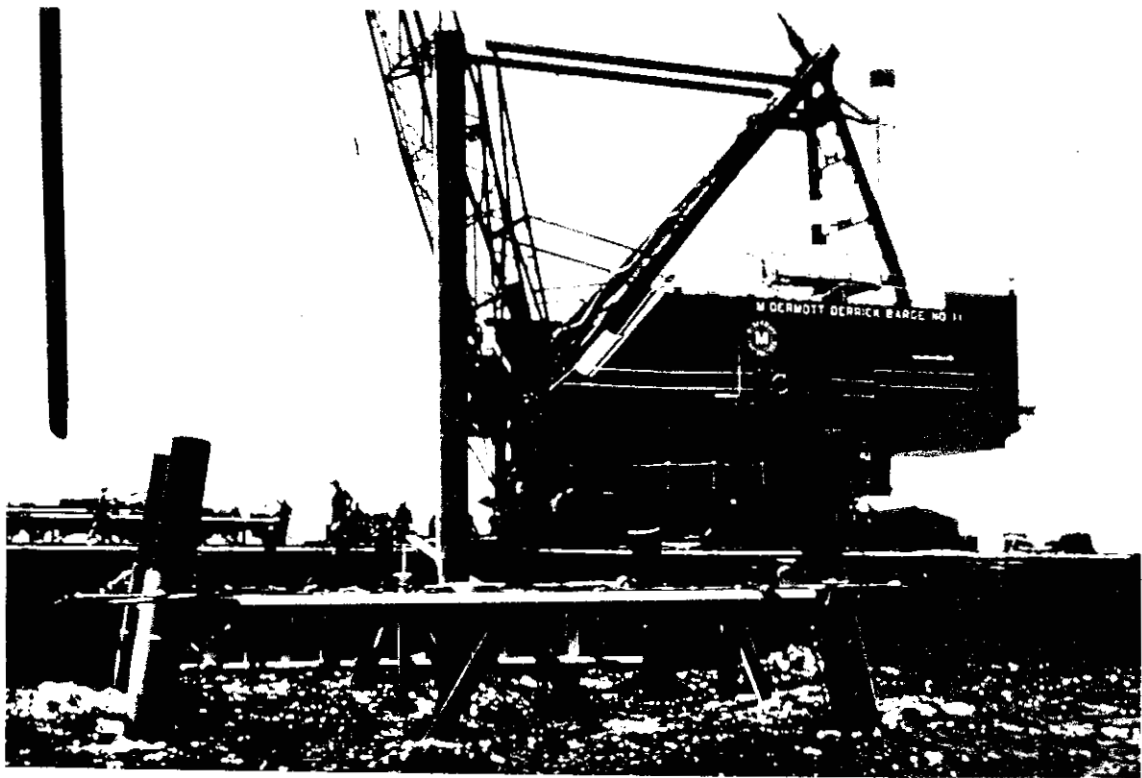
SLIDE 2 PLATFORM JACKET IN FABRICATION



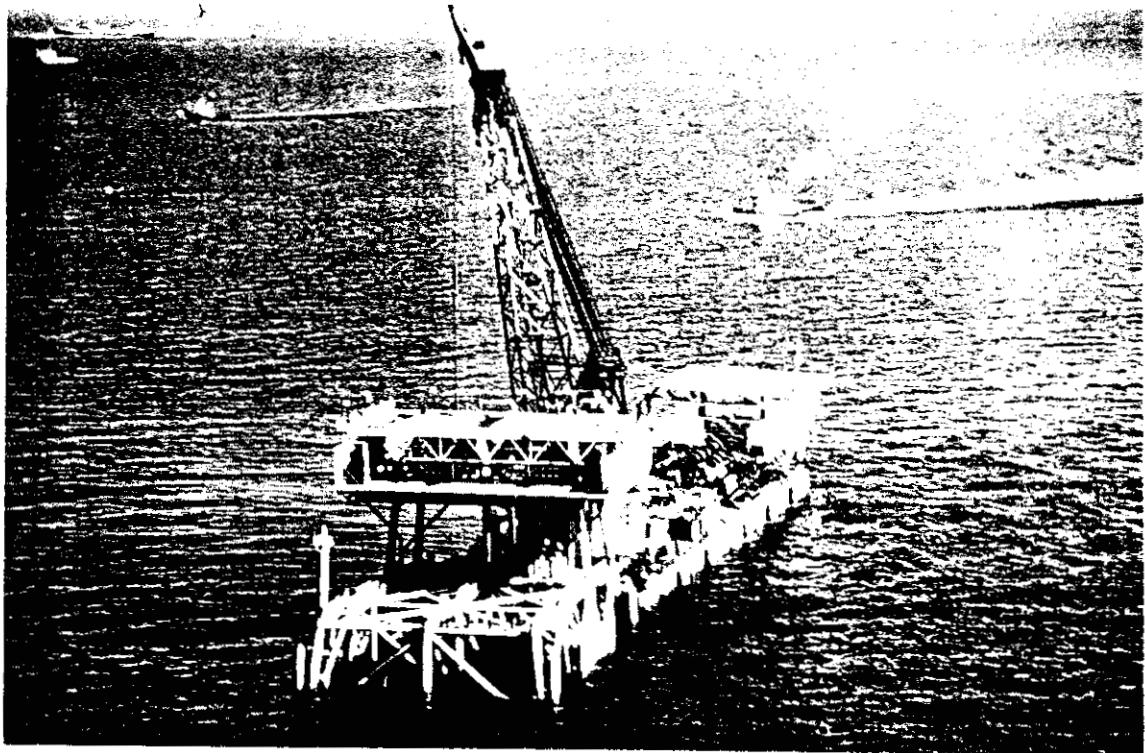
SLIDE 3 JACKET BEING TRANSPORTED



SLIDE 4 JACKET BEING LAUNCHED

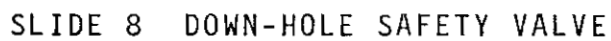


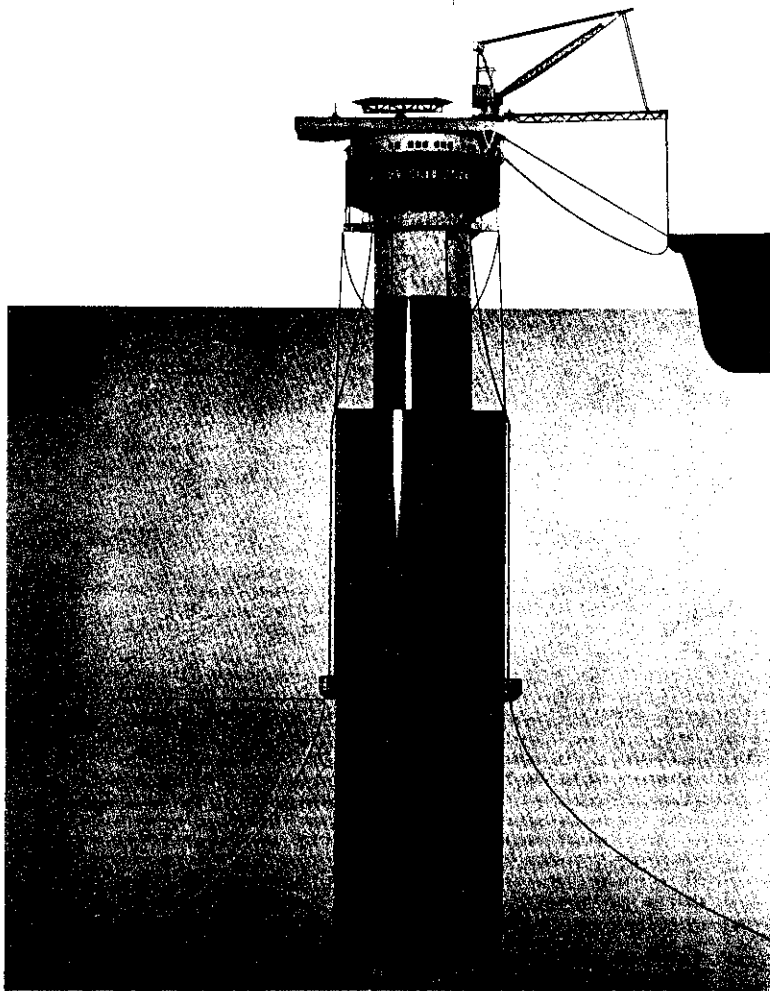
SLIDE 5 PILE DRIVING



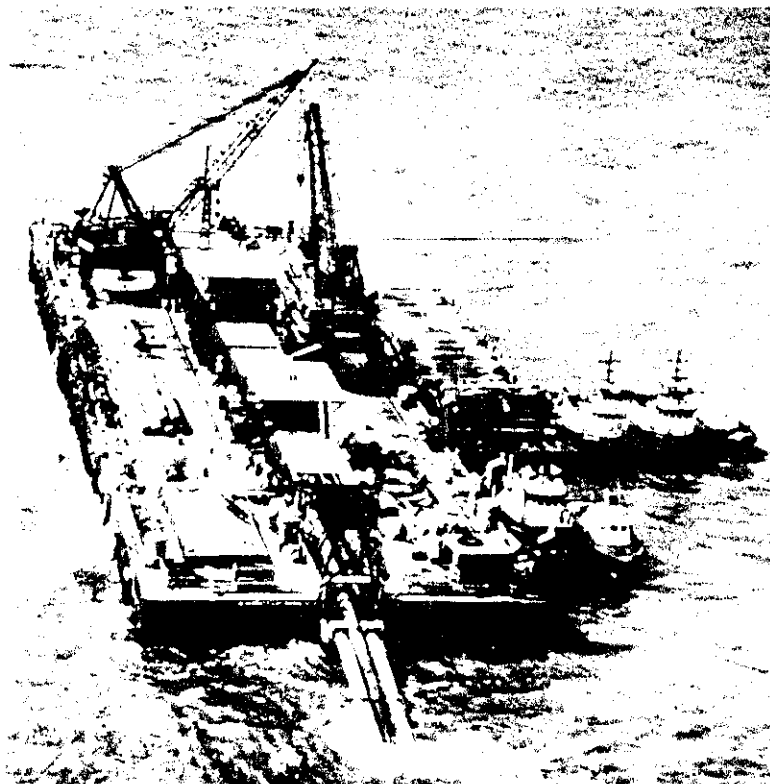
SLIDE 6 DECK LIFT

A black and white geological cross-section diagram. It shows a large, upward-bulging structure labeled 'SALT' in the center-right. This structure is surrounded by several layers of sedimentary rock, represented by horizontal lines. Two faults are shown as diagonal lines cutting through the rock layers, each labeled 'Fault'. The top of the diagram is a solid black horizontal band, representing the ground surface or a specific geological boundary.

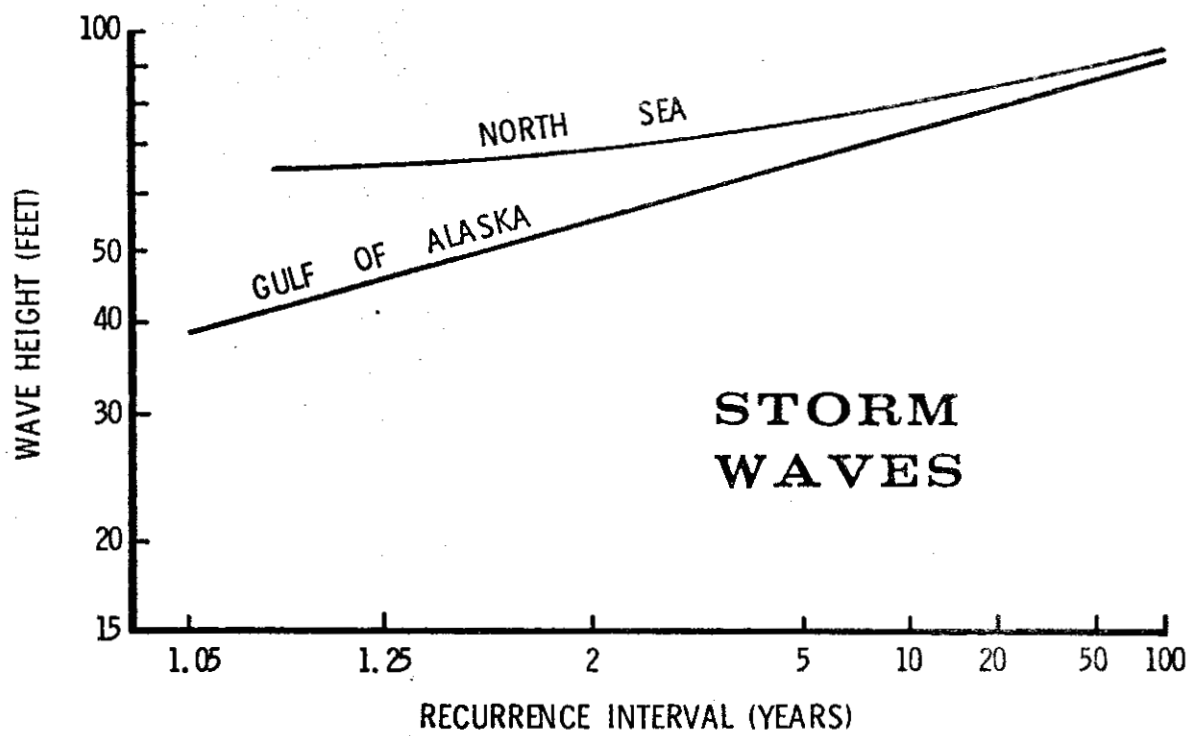




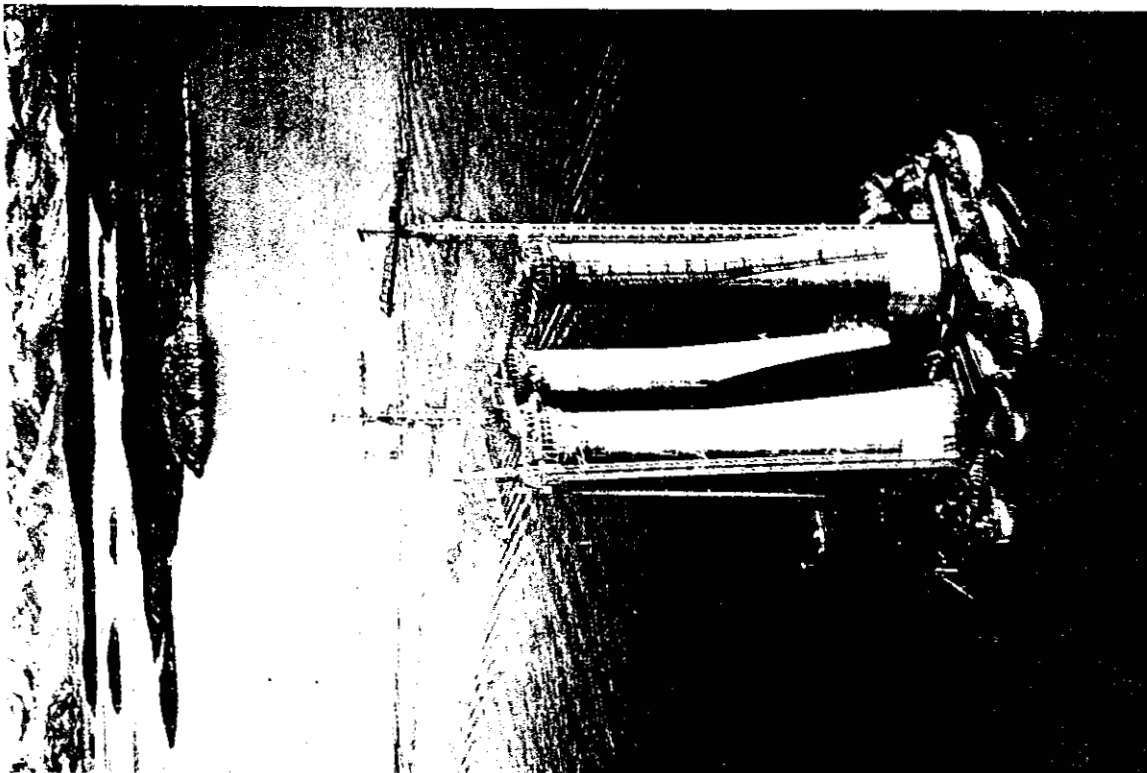
SLIDE 10 OFFSHORE STORAGE AND TANKER LOADING



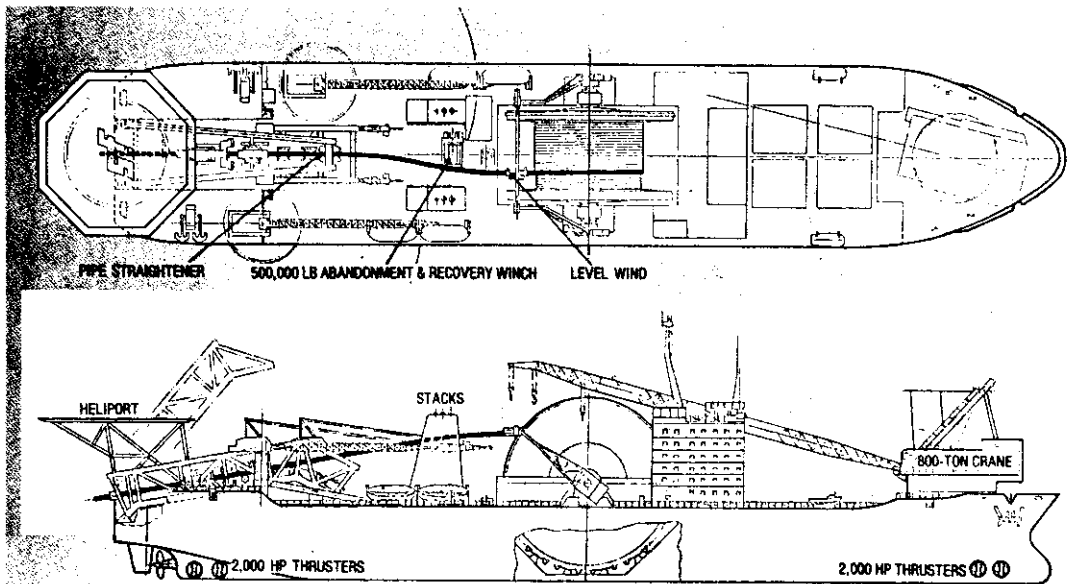
SLIDE 9 PIPELAY BARGE



SLIDE 11 GULF OF ALASKA AND NORTH SEA STORM WAVES

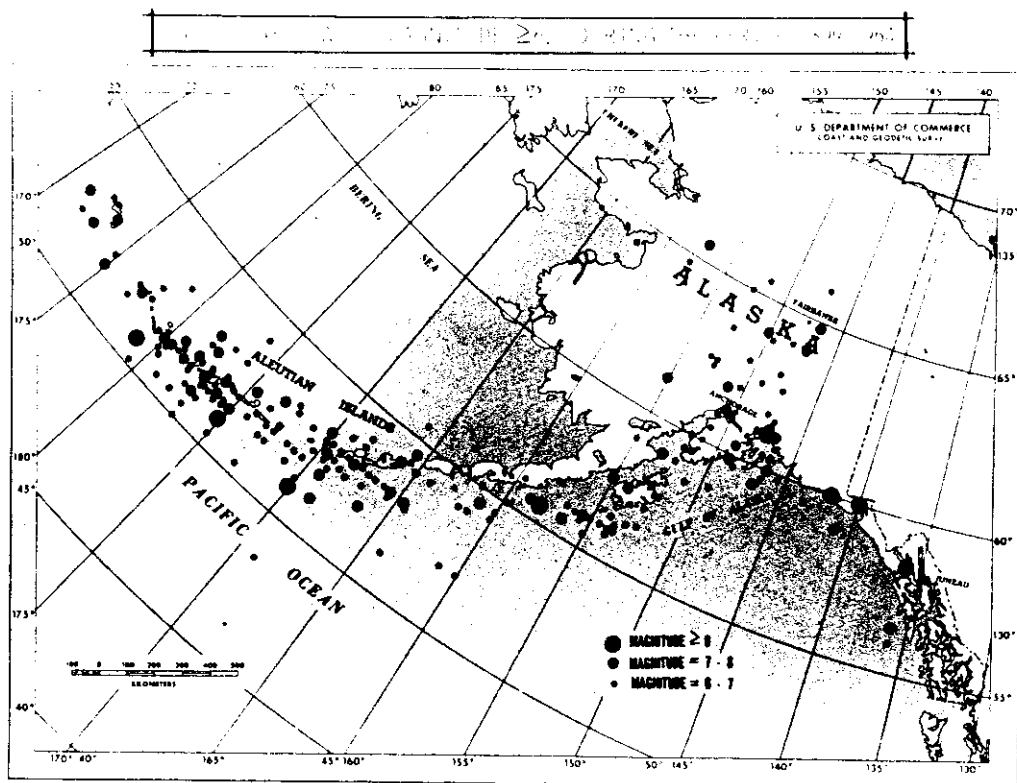


SLIDE 12 CONCRETE, GRAVITY PLATFORM



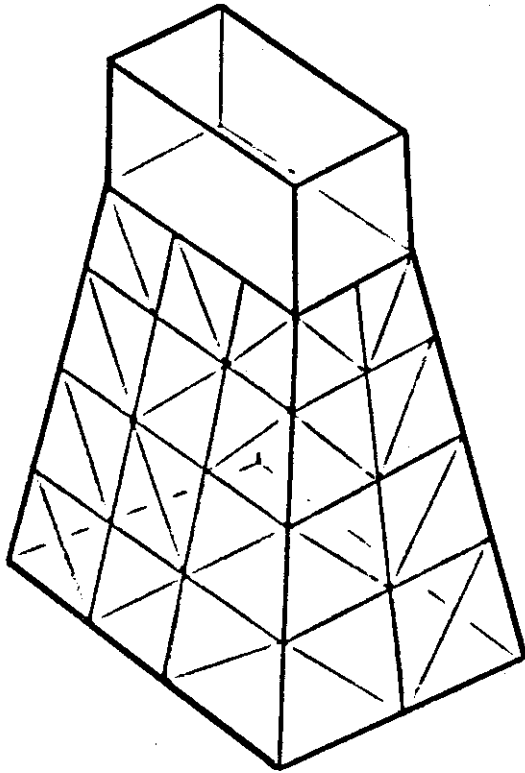
SCHEMATIC OF THE PIPE LAY SHIP A level wind feeds wraps of pipe on and off the reel. As it is wound around the reel, the pipe acquires an ovality of 1.5%, but after it is straightened, an ovality springback reduces this to about 0.1%. Shown here the pipe is entering the water at a shallow angle. The truss can be elevated to increase this angle to 55%.

SLIDE 13 NORTH SEA CONSTRUCTION VESSEL



SLIDE 14 GULF OF ALASKA EARTHQUAKE LOCATIONS

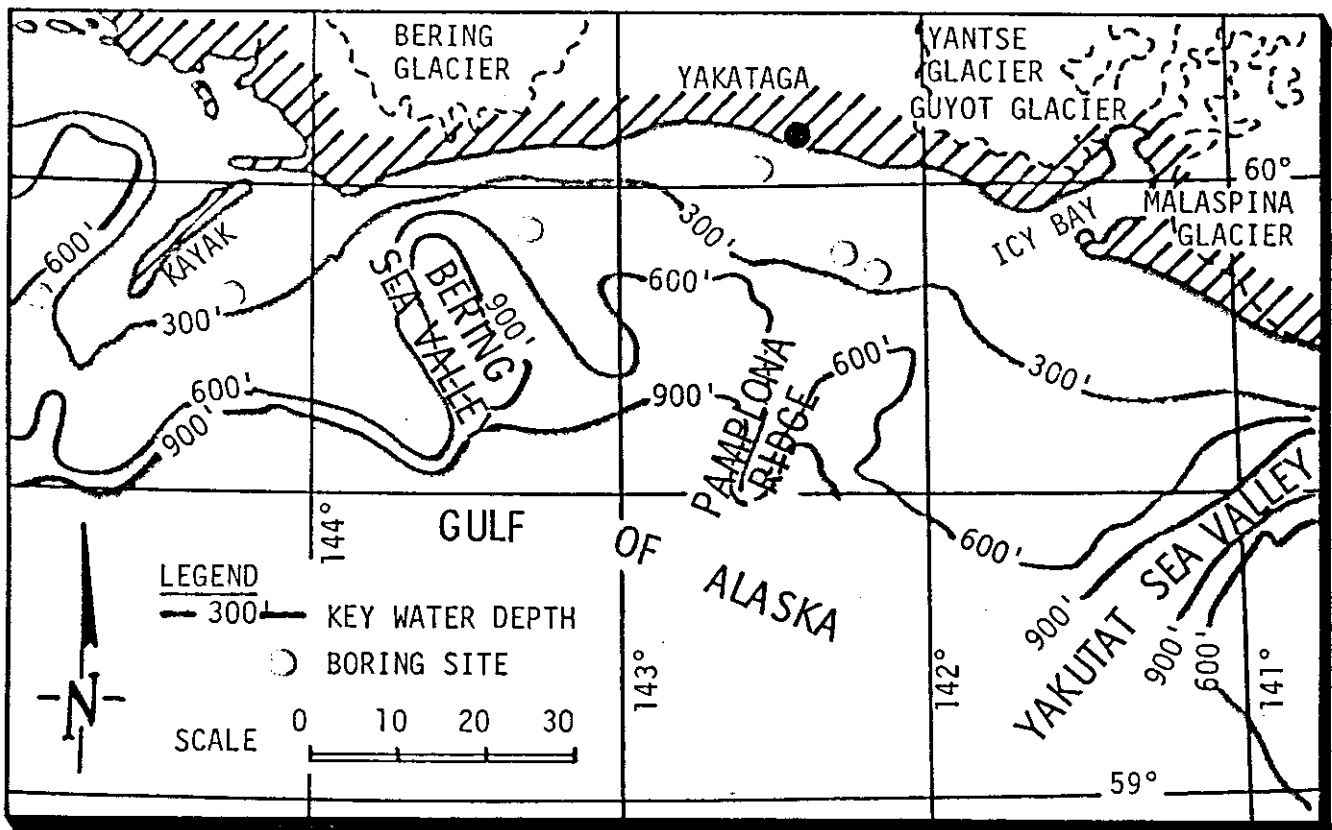
WAVE vs. EARTHQUAKE LOADING



EXAMPLE PLATFORM
IN 300 FOOT WATER DEPTH

| FOUNDATION SHEAR | FOUNDATION OVERTURNING |
|---------------------|---------------------------|
| 6,000 TONS | 1,200,000 TON-FEET |
| 7,300 TONS | 1,800,000 TON-FEET |

SLIDE 15 COMPARISON OF WAVE AND EARTHQUAKE LOADING



SLIDE 16 SOIL BORING LOCATIONS

SECTION 3 OF 5

DEVELOPMENT AND PRODUCTION

PREPARED BY

R.M. COOK - ATLANTIC RICHFIELD CO. - CHAIRMAN

R.D. MATHIS - MARATHON OIL CO.

C.W. ROGERS - SUN OIL CO.

L.A. BOSTON - CITIES SERVICE OIL CO.

F.P. DUNN - SHELL OIL CO.

C.W. COOPER - CONTINENTAL OIL CO.

D.R. DODSON - MOBIL OIL CO.

DATE

DECEMBER 15, 1971

REVISED AUGUST 1973

HEARING SCHEDULE

(Only starting time is definite. Testimony is limited to 10 minutes unless otherwise indicated. Witnesses are in order listed.)

Tuesday, August 24

Begins promptly at 9:00 a.m. ADT.

1. State of Alaska, Ernst W. Mueller, Commissioner of Environmental Conservation
2. AK Subarctic Offshore Committee*
Chas W. Rogers
John H. Silcox
Robt. C. Visser
(Approx. 55 minutes of 1 3/4 hrs allotted)
3. Friends of the Earth, AK Representative - Jim Kowalsky
4. Kathleen Graves, private citizen
5. English Bay Corporation* - Christian Lyou, Gen'l Mgr.
6. " " " " " "
7. " " " " " "
8. Exxon, Offshore Div/AK - W. S. Whaley, Asst. Mgr.
9. AK Conservation Soc., Upper Cook Inlet Chapter - Rollin dal Piaz
10. Cook Inlet Native Assoc. - Julia Park
11. Southern California Gas Co. - Wm. L. Cole, V.P. - Gas Supply
12. Univ. of AK, Criminal Justice Center - Peter Ring, Div. of Res.
13. Sea Airmotive, Inc. - Ward I. Gay
14. AK State Conservation Soc. - Virginia dal Piaz
15. AK Workers Alliance - Michelle Robert
16. Izaak Walton League, Anchorage Chapter - Sam E. McDowell
17. Cook Inlet Native Assn. - Suzanne Dillon
18. AK Center for the Environment - Peg Tilleston, Coord.
19. AK Native Federation - Gordon Jackson, Exec. V.P.

* Advance permission has been granted for additional time.

HEARING SCHEDULE

Wednesday, August 25

Begins Promptly at 9:00 a.m. ADT.

1. Amer. Assn. of Petroleum Landmen - Thomas L. Lewis, Jr.
2. Sierra Club, AK Representative - Jack Hession
3. Rowan Drilling - C. V. Chatterton, V.P.
4. Cook Inlet Native Assn. - Paula Rasnus, Health Director
5. Univ. of AK, Dept. of Sociology - Prof. Michael Baring-Gould
6. Chugach Natives, Inc. - Carl Propes
7. Millett Keller - private citizen

John F. Cook, Administrative Law Judge
Office of Hearings and Appeals, U. S. Department of the Interior

HEARING PANEL

James Gill, Deputy Assistant Secretary of the Interior
for Energy and Minerals

Douglas P. Wheeler, Deputy Assistant Secretary of the Interior
for Fish, Wildlife and Parks

Chris Ferrand, Deputy Assistant Secretary of the Interior
for Land and Water Resources

Donald P. Truesdell, Bureau of Land Management, Deputy Ass't. Dir.
Minerals Management

Edward J. Hoffmann, Manager, Bureau of Land Management,
Alaska OCS Office

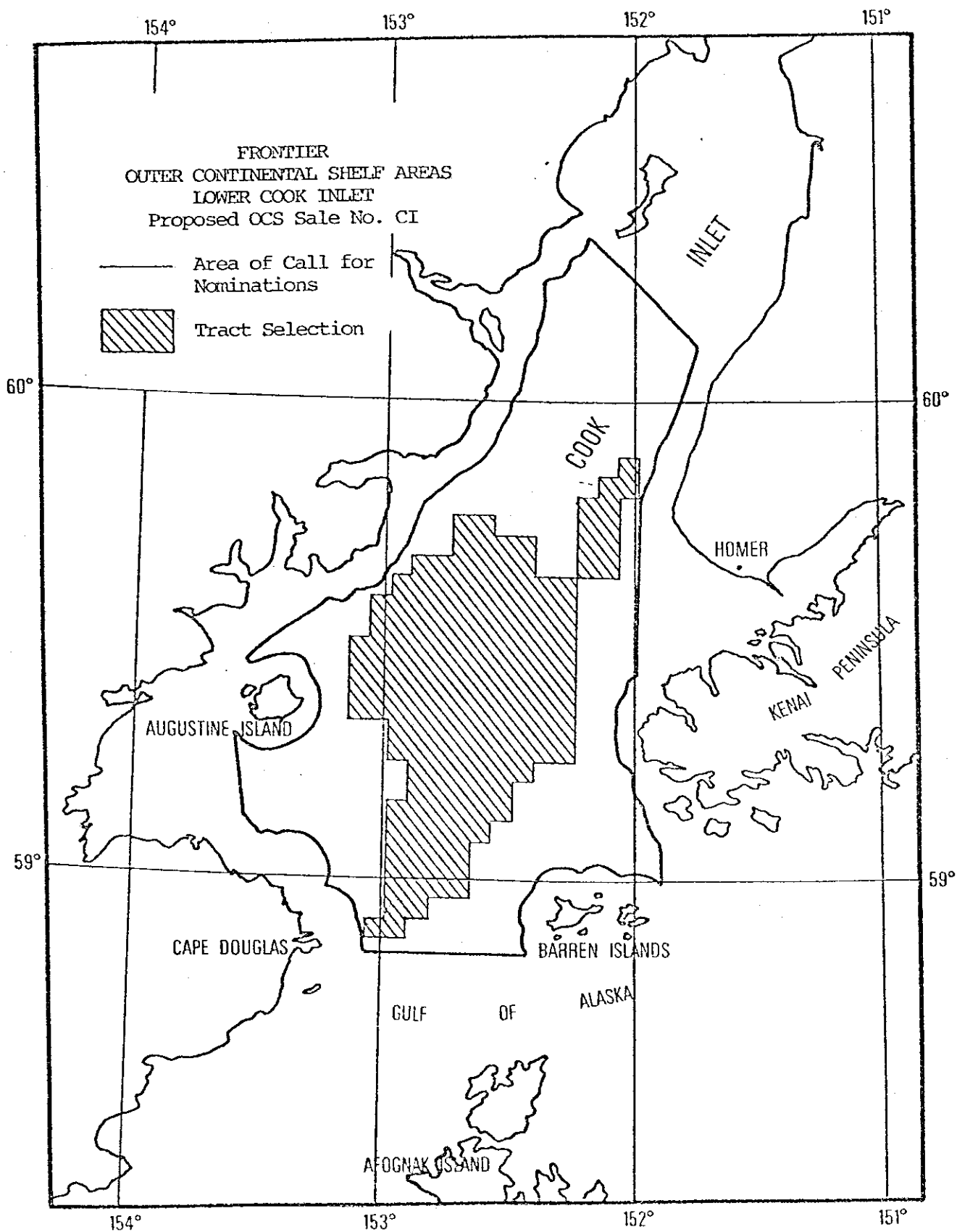
BACK UP PANEL

Rod Smith, Oil & Gas Supervisor (Alaska), U. S. Geological Survey

Gordon Watson, Area Director (Alaska), U. S. Fish & Wildlife Service

Donald E. Henninger, Alaska OCS Office

Jerry Imm, Alaska OCS Office



VOLUME I

* * OCS HEARINGS * *

ANCHORAGE (TWO DAYS)

August 24/25, 1976

Anchorage

(through page 220)

JUDGE:

COOK, John F.
Administrative Law Judge
Office of Hearings and Appeals
U. S. Dept. of the Interior.

*

*

HEARING PANEL:

GILL, James
Deputy Asst. Secretary of the
Interior for Energy and Minerals

WHEELER, Douglas P.
Deputy Asst. Secretary of the
Interior for Fish, Wildlife
and Parks

FERRAND, Chris
Deputy Asst. Secretary of the
Interior for Land and Water
Resources

TRUESDELL, Donald
Bureau of Land Management,
Deputy Asst. Director
Minerals Management

HOFFMANN, Edward
Manager, Bureau of Land
Management, Alaska OCS
Office.

*

*

* * W I T N E S S E S : * *
: (first day)

TUESDAY, AUGUST 24th

* * * * *

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This hearing will please come to order.

As you know, this hearing is being held for the purpose of receiving comments and suggestions relating to a possible sale of oil and gas leases of 152-tracts on the Outer Continental Shelf, offshore in the Lower Cook Inlet.

The Draft Environmental Impact Statement concerning the proposed lease sale was made available to the public on July 13th, 1976. This hearing will provide the Secretary of the Interior with additional information from both the public and the private sectors to help evaluate fully the potential affects which the possible offering of these 152-tracts on the total environment in the entire area.

*

The Department of the Interior has appointed a hearing panel to receive your comments. The members of that panel (proceeding from my left) are Mr. James Gill, who is the Deputy Assistant Secretary of the Interior for Energy and Minerals;

1 Mr. Douglas P. Wheeler, Deputy Assistant Secretary of
2 the Interior for Fish, Wildlife and Parks; Mr. Chris
3 Ferrand, Deputy Assistant Secretary of the Interior for
4 Land and Water Resources; Mr. Donald P. Truesdell, Bureau
5 of Land Management, Deputy Assistant Director for Minerals
6 Management; and then Mr. Edward Hoffmann, who is the
7 Manager of the Alaska OCS Office for the Bureau of Land
8 Management.

9 *

10 Also seated on the platform you will find technical ad-
11 visors to the hearing panel and they are (again seated
12 from my left) Mr. Rod Smith, who is the Oil and Gas Super-
13 visor for Alaska, for the U.S. Geological Survey; Mr. Donald
14 E. Henninger, who is the Chief of Environmental Analysis for
15 the Alaska OCS Office; Mr. Jerry Imm, who is a Statement
16 Coordinator for the Alaska OCS Office.

17 *

18 Now in order that we may conduct a fair hearing there are
19 certain procedural guidelines which will be observed. I
20 think we have provided, and if we have not there will be
21 a provision later on for guidelines in writing - which
22 mainly we're concerned about passing these out to people
23 who arrive after we conclude our original statements here
24 so they know what our guidelines are.

25 *

1 But basically, first we have an official reporter who
2 will be taking a transcript here of the proceedings - and
3 in order to make it complete and accurate it is necessary
4 that only one person speak at a time.

5 This is not an adversary proceeding so the parties pre-
6 senting their views will not be sworn or placed under
7 oath - and there will be no examination or interrogation
8 of these speakers, except possibly when the hearing panel
9 feels that in order to learn better what it is all about
10 they may have to ask some questions. But they will not
11 ask any questions until the speaker has had an opportunity
12 to complete his presentation.

13 The members of the panel are present of course for the
14 purpose of attaining understanding of all the facets of
15 the proposed sale and the views and opinions of all the
16 people who are here. Therefore they are not here for the
17 purpose of answering questions, it is their job to learn.

18 *

19 Now the speakers will be called during this two day period
20 in the order which is set forth on a list which I believe
21 has been distributed - we will maintain that order unless
22 there is some extreme or unusual circumstance. So, as I
23 say, we will maintain the order on this list unless we have
24 some unusual circumstance - and of course, the individual
25 should contact the ladies who are at the table at the rear
to discuss this.

1 Oral presentations basically are ten minutes, excepting
2 where a particular group, because of the size of the group,
3 have reserved more time and those time designations have
4 already been set up.

5 I'll let you know when you have reached the point where
6 you have one minute to go - you of course certainly may
7 elaborate more on your statement by filing a written
8 statement. Those written statements (I believe) may be
9 filed at the table up here. Of course it would help things
10 if you do have an extra copy of your statement - it would
11 be nice if you could file it here anyway with these ladies
12 and also one for the reporter, it will make it easier for
13 the reporter to get an accurate statement in the record.

14 *

15 If there are any persons who are not on the list,
16 speakers who wish to be heard, they should register with
17 the lady at the rear table in this room. Of course, those
18 people will be heard at the conclusion of the proceedings
19 that we have set forth so far with the names on the list
20 here. I'm sure there will be time for additional people
21 if you will just register.

22 *

23 We will try to maintain the schedule we have set out in
24 our basic ground rules (which I hope have been passed out)
25 on our time schedule. I will let you know when we have

1 reached a point for a recess. I believe our first re-
2 cess will be at 10:30.

3 *

4 Now in the interest of orderliness we ask of course that
5 there be no display of emotions or applause, etcet. during
6 presentations.

7 At this time I would like to call upon Mr. Chris Ferrand,
8 who is the Deputy Assistant Secretary of the Interior for
9 Land and Water Resources, he is going to make a short
10 introductory statement at this time.

11 MR. FERRAND:

12 Good morning ladies and gentlemen, on behalf of the panel
13 we appreciate the opportunity to come to your lovely State
14 and to hear your views and the comments you have on the
15 proposed sale in the Lower Cook Inlet.

16 I'd like to supplement Mr. Cook's remarks by emphasizing
17 the five points we are interested in bringing out in the
18 course of these hearings, and of course, in the final
19 Environmental Impact Statement.

20 The five points include the Environmental Impact of the
21 proposed action, any environmental affects that can not
22 be mitigated or avoided should the proposal be eventually
23 implemented; the alternatives to the proposed action of
24 course, and especially those regarding the feasibility of
25 the environmental impact which the energy- - in the
Environmental Impact Statement itself.

1 Fourthly, the relationship with the short-term local uses
2 of the environment versus the maintenance and enhancement
3 of the long-term productivity in the area; and fifthly,
4 the irreversible and irretrievable commitment of the re-
5 sources which would be involved in the proposed action
6 should it be implemented.

7 I want to assure you we are not here merely to be in your
8 good State, we are here to seriously listen to your com-
9 ments, we are here to consider them carefully. Secretary
10 Kleppe has a very clear record I think for paying close
11 attention to comments that he receives in the course of
12 our actions on the Outer Continental Shelf throughout the
13 country. I think the record will show that he does listen
14 and we are here to make certain that the comments you make
15 are carefully considered back in Washington.

16 *

17 I want to emphasize one other point and that is that the
18 Environmental Impact Statement is not intended to be a
19 justification of the proposed action - it is there so that
20 we understand (those of us in Washington who will partici-
21 pate in the eventual decision) - will understand exactly
22 what the environmental impacts will be and what the trade-
23 offs are and what the alternatives are. That's the pur-
24 pose of the statement and that's obviously the purpose
25 for which we are here.

1 We enjoy being here - and I think without further adieu
2 Mr. Cook, we should proceed.

3 JUDGE COOK:

4 If there are no questions as to the procedure then we may
5 proceed with our first speaker.

6 I'd appreciate if you'd begin by first stating your name
7 address, and the organization you represent. Our first
8 speaker is the Commissioner of Environmental Conservation,
9 State of Alaska, Mr. Ernst W. Mueller.

10 MR. MUELLER:

11 Thank you. My name is Ernst W. Mueller, I am the
12 Commissioner of the Department of Environmental Conservation
13 for the State of Alaska, whose address is Pouch O, Juneau,
14 Alaska, 99811.

15 I am here today on behalf of Alaska Governor Jay Hammond's
16 Task Force on Outer Continental Shelf Oil and Gas Explor-
17 ation and Development. We appreciate the opportunity that
18 the Bureau of Land Management and Department of the Interior
19 has offered to present some short remarks concerning the
20 Draft Environmental Impact Statement on the proposed oil
21 and gas lease sale for the Lower Cook Inlet OCS area.
22 We will be forwarding to you a more detailed written
23 analysis of the Draft EIS within the time limits allowed
24 for written testimony.

25 *

1 As you know, the State of Alaska has been deeply concerned
2 about the accelerated leasing program proposed by the
3 Bureau of Land Management. This concern is based on a
4 mixture of environmental, socioeconomic, governmental and
5 industrial factors. The State's interests have been ex-
6 pressed to the Department of Interior on a number of
7 occasions by Governor Hammond and his OCS Task Force.
8 Most recently, the Governor has forwarded his suggestions
9 to the Secretary of Interior on a rescheduling of the order
10 of OCS frontier area leasing in Alaska. We hope that the
11 Secretary and his staff take these recommendations under
12 careful consideration soon, and revise the lease schedule
13 accordingly.

14 *

15 Primarily among the environmental concerns regarding the
16 proposed Lower Cook Inlet sale is an analysis of the con-
17 flict between oil and gas exploration and development, and
18 other natural resources, particularly the renewable re-
19 sources. Not only is there great potential conflict
20 with the fisheries upon which so many Alaskans depend for
21 their livelihood, but other less economically quantifiable
22 resources are potentially affected. Shoreline vegeta-
23 tion, sea birds, phyto-and zooplankton, marine mammals,
24 all play an important role in the marine ecosystem of
25 Lower Cook Inlet. All could be adversely impacted by a

1 major accidental spill of crude oil.

2 *

3 The impact of facility construction and operation also
4 must be addressed in the impact statement. Not only the
5 facilities on the lease area itself - the drilling rigs,
6 pipelines and offshore terminal facilities - but also the
7 potential shore-based facilities - communities, liqui-
8 faction plants, onshore terminals, ballast and produced
9 water treatment facilities, possible refineries and petro-
10 chemical complexes. This latter category has not been
11 well addressed in the Draft EIS (in our opinion). We
12 suggest that a series of development scenarios be present-
13 ed to the Draft EIS with an analysis of the attendant im-
14 pacts from each upon the environmental and socioeconomic
15 systems. The various risks and probabilities of each
16 scenario must be expressed in such a fashion that those
17 who must mitigate these impacts can use the Environmental
18 Impact Statement itself as a basis for planning.
19 Scenarios must be based on high, medium, and low probab-
20 ility of occurrence, as must the attendant risks from these
21 various development scenarios.

22 *

23 Further, the Environmental Impact Statement must address
24 not only the risks of environmental degradation, but also
25 the very methods of minimizing and mitigating them. This

1 includes means for oil spill prevention, control and
2 cleanup, criteria for waste management, both from onshore
3 and offshore facilities, and definitive plans of action
4 for catastrophic events, both natural and man-made. As
5 we know from experiences as recent as last weekend, the
6 Cook Inlet area is prone to sizable seismic and tectonic
7 events. The potential effect on facilities and operations
8 related to the oil and gas development, and means of miti-
9 gating the resultant damage must be fully developed in the
10 EIS. Our analysis leads us to believe that the Draft
11 EIS does not adequately deal with the question of oil
12 spill contingency planning, nor that of waste management
13 from potential related onshore facilities.

14 *

15 One of the principal concerns of the State is the effect
16 upon the social and economic welfare of the communities
17 near the lease area. The proposed sale could disrupt
18 municipal and state services, regional employment patterns,
19 and last but not least, the very life-style of the resi-
20 dents in the area. Our experience with the impact of
21 the Trans-Alaska Pipeline Project has led us to the con-
22 clusion that while comprehensive planning, including ap-
23 propriate funding, for impacts on the economies and
24 services of the State and Municipal Government entities
25 can be of great benefit, such programs take time - time

1 that is not factored into the BLM's leasing program.
2 Municipal and State Governments are not always capable of
3 reacting with the speed necessary to provide new services -
4 schools, streets, utilities, police, fire control, among
5 many others. Such services may take five or more years
6 to provide, particularly when capital investment and con-
7 struction are involved. While recently enacted Federal
8 Legislation will help to provide an economic base to off-
9 set some of these impacts, these new laws are but a be-
10 ginning. Further, no efforts are presently available to
11 help offset the employment displacement which would result
12 from the Lower Cook Inlet sale - another area which the
13 Draft Environmental Impact Statement does not deal with
14 adequately. People in onshore communities presently
15 employed in the fishing industry may be driven by the force
16 of higher wages, higher priced, toward the oil industry,
17 potentially leaving a labor vacuum in the fishing industry.
18 This has, to some extent, been the experience at Valdez.
19 The EIS must address this potential crucial loss to an
20 important renewable resource industry, and recommend
21 methods to offset it.

22 *

23 One area that concerns us and is not well developed in the
24 Draft EIS is the readiness and ability of Government in-
25 stitutions to expand existing regulatory systems to control

1 the impacts from the OCS development. The role of the
2 Federal regulatory agencies is not clear with regard to
3 activities on the Outer Continental Shelf - the State's
4 authority is clearly limited. In many cases mechanisms
5 must be developed, partly through legislation which de-
6 fines clearly the roles of traditional governmental regu-
7 latory agencies over OCS activities, and the relationship
8 of State agencies to these programs as well. Monitoring
9 and surveillance of OCS activities, particularly environ-
10 mental supervision, must be clearly developed before the
11 program proceeds. Ad hoc mechanisms as are now used,
12 are not sufficient to protect the environment, or the
13 people affected from grave potential loss.

14 *

15 The Draft Environmental Impact Statement must also address
16 alternate modes of leasing the oil and gas areas of Lower
17 Cook Inlet. Resource conflicts or hazards to facilities
18 may be so great as to prohibit leasing of certain tracts.
19 The Draft EIS must present a series of leasing proposals,
20 based on variojs tract selections, and include an estimate
21 of the recoverable reserves of oil and gas available from
22 these various options. The EIS should also discuss the
23 possibility and feasibility of phasing the lease sale
24 through a number of sub-sales.

25 *

1 I would like to conclude by reviewing the State's position
2 on the Lower Cook Inlet sale. Although there are marked
3 deficiencies in the Draft Environmental Impact Statement
4 itself, deficiencies which the State must see resolved,
5 that does not necessarily mean that the State is opposed to
6 oil and gas development in the Lower Cook Inlet area. We
7 do feel however, that Federal OCS oil and gas development
8 must be integrated carefully with other oil and gas de-
9 velopment, particularly on State-owned near-shore lands.
10 If the objective of the National Program is to increase
11 the domestic supply of oil and gas, then the development of
12 hydrocarbon reserves, particularly those held in public
13 trust, must occur in a well coordinated fashion. For
14 this reason the State has indicated that its proposed
15 Beaufort Sea lease sale should be an integral part of this
16 National Program, and we are most willing to work with the
17 Department of Interior in mutual development of other oil
18 and gas reservoirs where the Federal and State governments
19 have joint interests.

20 *

21 Governor Hammond, in his August 4th, 1976 letter to
22 Interior Secretary Kleppe, suggested that the next Federal
23 OCS sale scheduled in Alaska should be the Cook Inlet sale.
24 While there are certainly resource conflicts which must be
25 resolved, possibly through deletion of certain tracts and

1 certainly through detailed planning, the Lower Cook Inlet
2 lease sale is a logical extension of the already existing
3 oil and gas development in Southcentral Alaska, the near-
4 shore areas of Upper Cook Inlet, and the onshore areas
5 on the Kenai. The petroleum industry is well estab-
6 lished in this region and communities are much more able
7 to cope with rapid industrial expansion than those in
8 other areas of proposed OCS development. While careful
9 planning for this impact will be essential, resultant dis-
10 ruption can be minimal, compared for example, with com-
11 munities affected by the Northeast Gulf of Alaska sale.

12 *

13 Finally, I would like to stress that the State of Alaska
14 is most willing to work closely with the Bureau of Land
15 Management in its efforts to secure new domestic petroleum
16 reserves through OCS leasing. We, of course, are extremely
17 concerned with the potential impacts upon other natural
18 resources, most importantly the people of our State. We
19 will bend our every effort to minimizing those impacts.
20 I appreciate again the opportunity to share our views with
21 you, and if there are any questions I would be pleased to
22 attempt to answer them.

23 *

24 *

25 *

1 JUDGE:

2 Are there any questions the panel would like to ask?

3 MEMBER WHEELER:

4 Yes, I have one here. Commissioner, you've raised
5 several questions which I construe to mean that you're not
6 entirely satisfied with the content of the Environmental
7 Impact Statement. I wonder in light of the State's own
8 experience in the Upper Cook Inlet Region, whether the
9 State might not be able to provide its analysis to some
10 of the impacts that you feel we have not addressed.

11 MR. MUELLER:

12 We will attempt to do that in our detailed comments.

13 MEMBER WHEELER:

14 Have you encountered occurrence of resource conflicts as
15 the result of State sales which you forecast here for a
16 Federal sale?

17 MR. MUELLER:

18 Absolutely. In fact, as you probably are aware, as the
19 result of such conflict the State is now undergoing the
20 process of condemning a lease sale that was made a number
21 of years ago in the Kachemak Bay area - because of the
22 conflicts between the regional marine sources and the
23 potential impact of the oil and gas development on them
24 the Legislature decided to give the Governor authority to
25 negotiate with the oil industry to reach an amiable

1 solution to buying back that lease sale or to condemn it
2 if need be - - and that was exactly the result of our
3 efforts at the time.

4 MEMBER WHEELER:

5 What were those efforts?

6 MR. MUELLER:

7 Primarily conflicts between valuable fishery resources
8 in Katchemak Bay and the potential impact of oil develop-
9 ment, including potential oil spills, discharges of pro-
10 duced water, etc. on the valuable marine organisms.

11 MEMBER WHEELER:

12 What is the scope of the State's lease sale program in the
13 Lower Cook Inlet, roughly, as compared with the proposal
14 here?

15 MR. MUELLER:

16 I'm not exactly sure of the details on that - we can get
17 that from the Department of Natural Resources though.

18 MEMBER WHEELER:

19 I'll be happy if you can submit that for the record.

20 *

21 JUDGE:

22 Any other questions?

23 MEMBER FERRAND:

24 Yes, I have one question. I was interested in your
25 comments on the employment effects of this proposal on

1 the communities along the shore there. Having toured
2 several of those villages some years ago I am curious to
3 know what the present employment situation is in the fish-
4 ing industry down there, do you have any offhand data or
5 information on that?

6 MR. MUELLER:

7 I don't have any offhand data but I do know that in
8 Valdez, which is the closest experience to a rapidly de-
9 veloping area, there were several fish processing facili-
10 ties which had to be closed down, largely for lack of being
11 able to find someone to work in them. People were em-
12 ployed very easily at very high salaries in the oil in-
13 dustry at almost any level of talent - so they simply
14 couldn't get people to work in the fish processing
15 facilities. Along with that the cost of living in the
16 area accelerated to the point where they could not afford
17 to be in business - they couldn't afford to pay salaries
18 high enough to some one so they could afford to live there.
19 The State had the same experience, we've had to raise the
20 salaries of the State employees at Valdez because of the
21 accelerated cost of living resulting in an increase pay
22 basis.

23 *

24 JUDGE:

25 Are there any other questions? (NO RESPONSE). Thank you
very much Mr. Mueller.

1 JUDGE:

2 Our next speakers are representatives of the Alaska
3 Subarctic Offshore Committee. Because of the size of
4 the group which they represent approximately 55-minutes
5 has been allocated to the organization.
6 Our first speaker will be Mr. Charles W. Rogers; also we
7 have Mr. John H. Silcox; Mr. Robert C. Visser.

8 MR. MEYERS:

9 Judge, I am William M. Meyers, representing the Alaska
10 Subarctic Offshore Committee here today. As will be
11 explained later, the committee is comprised of twenty-six
12 members. We have requested and obtained time for a five
13 witness presentation.

14 This was done for two reasons: first, we believe that a
15 coordinated presentation of this type on behalf of the
16 offshore industry will better cover some of the pertinent
17 issues involved in this hearing than would a separate
18 series of statements from the member companies which would
19 largely be redundant. In fact, I believe today that
20 according to the hearing schedule there is only one member
21 company appearing individually and I am informed that-that
22 statement will only last about two minutes.

23 Secondly, we believe that we will save considerable time
24 by this approach. I might add that except for the
25 possibility of questions from the panel, that we will take

1 considerably less time than the 55-minutes allotted.
2 We will present our witnesses in two panels, our first
3 will be Mr. Charles W. Rogers, who will discuss the role
4 of the Alaska Subarctic Offshore Committee and industry
5 interest in the proposed Lower Cook Inlet lease sale.

6 Mr. Rogers!

7 MR. ROGERS:

8 Good morning, my name is Charles W. Rogers. I am employed
9 by Sun Company, Inc. as Region Exploration Engineer - my
10 mailing address is Box 1501, Houston, Texas, 77001.
11 My area of responsibility is coordinating my company engin-
12 eering effort in the pre-sale evaluation of areas of the
13 OCS offered for leasing and the post-sale evaluation of
14 leases purchased by Sun Company, Inc. I have been in
15 engineering planning and economic evaluation of Alaska
16 prospects since October, 1968.
17 I'm appearing today in the capacity of Vice-Chairman of
18 the Alaska Subarctic Offshore Committee, whose membership
19 consists of 26 companies - they are listed on the final
20 statement.

21 *

22 The Alaska Subarctic Offshore Committee was organized in
23 November of 1971 as the Gulf of Alaska Operators Committee,
24 with the new name approved by member companies in March of
25 1976. Our bylaws are currently being revised to expand

1 our area of interest to include all of the Alaskan OCS
2 south of the Bering Strait. Our mission remains to
3 develop an assessment of the impact of oil exploration and
4 development on the environment of OCS Alaska and to prepare
5 and coordinate the presentation of testimony at environ-
6 mental hearings relating to offshore leasing and operations
7 in our area of interest.

8 *

9 The Committee accomplished its task through a number of
10 working subcommittees, each empowered to deal with those
11 matters related to its particular interest, with their ef-
12 forts coordinated by a small Executive Committee. Final
13 approval to expend funds is by majority vote of the full
14 membership.

15 *

16 One of the important functions of our Committee has been
17 to maintain contact with those State of Alaska and local
18 officials responsible for planning in connection with the
19 onshore impacts which may result from offshore petroleum
20 operations in the Alaskan OCS. We feel a responsibility
21 to assist in this planning and are in frequent communica-
22 tion with these authorities. We have, and are, attempting
23 to answer their inquiries candidly and as specifically as
24 possible under the circumstances. However, until the
25 results of the exploratory phase of operations are available,

1 it should be understood that there are certain unknown
2 factors which make it unfeasible to formulate complete and
3 detailed answers to all of the questions which have been
4 asked. This makes it important that lines of cummuni-
5 cation be kept open and, for our part, we can assure you
6 that we are sincerely interested in cooperating with the
7 planning officials to the fullest extent legally possible.
8 The Committee believes that this continued dialogue will be
9 of mutual benefit to the citizens of Alaska and the offshore
10 petroleum industry.

11 *

12 The oil industry interest in the Lower Cook Inlet is re-
13 flected by the fact that 16-companies nominated for leas-
14 ing 433-tracts comprising approximately 2.1 million acres.
15 Seismic surveys in the Lower Cook Inlet have been conduc-
16 ted since 1965 and an estimated 12,000 miles of data have
17 been collected by industry group shoots or individual
18 company surveys. Geological field parties have also
19 been active in the near onshore area.

20 *

21 As set forth in the Draft Environmental Impact Statement,
22 the petroleum industry is no stranger to the Cook Inlet.
23 The State of Alaska conducted its first lease sale in
24 State waters in the Upper Cook Inlet in 1959 and since
25 that time almost 2.9 million acres have been offered for

1 lease by the State and approximately 1.9 million acres
2 have been leased. The last State lease sale of tracts
3 in the Upper Cook Inlet was held less than two years ago
4 when over 100,000 acres were leased. Production from
5 the Upper Cook Inlet has been substantial and continues.

6 *

7 I believe the point should be made that if leases are
8 awarded in the Lower Cook Inlet, our industry will embark
9 on operations there much better prepared, better equipped,
10 and better supported than when we commenced exploration
11 some-15 years ago in the State waters of the Inlet to the
12 north. We can draw not only on our substantial experience
13 from operations in the Upper Cook Inlet, but also from the
14 increased knowledge gained as a result of our successful
15 activities in the even harsher environment of the North
16 Sea.

17 *

18 We are capable of operating in the proposed lease area on
19 a year-round basis. Problems present in the Upper Cook
20 Inlet, such as drifting ice and heavily silt-laden waters,
21 are not present in the proposed lease area, and we will not
22 have some of the weather problems found in the Gulf of
23 Alaska. Another plus will be the close proximity to
24 existing supply and operating bases.

25 *

1 In summary, the Committee sees the Lower Cook Inlet as an
2 area of high resource potential and we believe that oper-
3 ations there can be conducted with efficiency and safety
4 and with due regard for the environment.

5 Thank you!

6 JUDGE:

7 Thank you. Are there any questions of Mr. Rogers?

8 MEMBER TRUESDELL:

9 Mr. Rogers, I understand that the rig down in Kachemak
10 Bay had a bit of a problem, would you like to explain
11 what happened there and how it can be avoided!

12 MR. ROGERS:

13 I'm not thoroughly familiar with that operation but one
14 of the members on the Committee probably would be more
15 qualified to answer that than I would be.

16 JUDGE:

17 Why don't you go ahead and answer it now then.

18 MR. ROBERT VISSER:

19 My name is Robert C. Visser, I am with Shell Oil Company.
20 The drilling rig Ferris was stored in the Kachemak Bay
21 area over the past winter for approximately a nine months
22 period. The rig at that time had its legs submerged in
23 the bottom, it was a very soft bottom and earlier, several
24 months ago, the rig was to be moved to a drilling location
25 when it was found that the rig could not be removed from

1 the bottom and so they were subsequently blasted off.

2 As I understand it there was no harm to the environment
3 and it was removed without any difficulty.

4 MEMBER TRUESDELL:

5 How old a rig was that?

6 MR. VISSER:

7 That rig was probably about fifteen years old. At the
8 time we acquired our lease in Kachemak Bay the Ferris was
9 the only rig available on the west coast - it had drilled
10 many wells down in California and as such was an acceptable
11 rig.

12 MEMBER WHEELER:

13 Is this the incident Mr. Mueller referred to a few moments
14 ago?

15 MR. VISSER:

16 No, I believe he was referring to a 5.9 earthquake which
17 occurred just this weekend.

18 MEMBER WHEELER:

19 I know, but relative to the tracts the State is now seek-
20 ing to re-acquire.

21 MR. VISSER:

22 I don't know, maybe HE can answer that.

23 MR. SILCOX:

24 My name is John Silcox, Standard Oil Company of California.
25 The leases he was referring to were ones issued in

1 December of 1974 in Kachemak Bay, at what we feel was
2 a properly held State lease sale, and subsequently the
3 State Administration determined to re-acquire those leases
4 and are in the process of talking to the Government at
5 this time. It was because of our inability to operate
6 in Kachemak Bay that the Ferris had to be stored there -
7 although it had previously encountered some difficulties
8 in jacking down from an exploratory location in the north
9 where it had successfully operated in the Cook Inlet with-
10 out damage.

11 *

12 I might say that prior to coming to the Cook Inlet
13 Standard of California had successfully used the same
14 equipment in the Santa Barbara Channel and it was from
15 that drilling activity that it came to the Inlet.
16 So even though it is old equipment it had been used and
17 been used successfully without any damage or any untoward
18 accident.

19 MEMBER GILL:

20 Would this be the same kind of rig that you used in the
21 Cook Inlet in the sale area?

22 MR. VISSER:

23 This particular one does not have the capacity (I'm quite
24 sure) to work in the water depths that you're talking about
25 in the Cook Inlet. Although similar types of equipment
would be quite usable.

1 MEMBER FERRAND:

2 May I ask one question here - you said there's the problem
3 of drifting ice - that isn't present down in that part of
4 the area as I understand it, is it?

5 MR. VISSER:

6 No, it's very rare that drifting ice gets that far down in
7 the Inlet, that occurs further north obviously and it is a
8 problem. Exploratory operations ordinarily were suspended
9 in the Upper Cook Inlet during the winter time but based
10 on weather studies which have been conducted by industry
11 and variable other data, it's our analysis that operations
12 can continue year-around.

13 *

14 JUDGE:

15 Are there any further questions? (NO RESPONSE).

16 Mr. Meyers, will you introduce your next speaker now please.

17 MR. MEYERS:

18 Judge, our next speaker will be Mr. John Silcox.

19 MR. SILCOX:

20 My name is John Silcox, I am a geologist and am currently
21 Vice President and General Manager of Exploration for
22 Standard Oil Company of California, with offices at 575
23 Market Street, San Francisco, California, 94105.

24 In this assignment I am responsible for all explorations
25 on the west coast and in Alaska, both offshore and onshore.

1 I have been associated with the West Coast oil industry
2 for over 25 years and have been involved in Alaskan ex-
3 ploration since 1967.

4 *

5 Today I would like to speak to you on behalf of the Alaska
6 Subarctic Offshore Committee concerning the industry's
7 preparation for the sale, the general geology of the area,
8 oil and gas potential, and the need for production from
9 the Lower Cook Inlet.

10 *

11 The petroleum industry has been preparing for a lease sale
12 in the Lower Cook Inlet since the mid-1960s when it appear-
13 ed that the State of Alaska would continue to conduct
14 lease sales throughout all of Cook Inlet. Significant
15 discoveries had been made in Upper Cook Inlet from 1962
16 to 1965 and the industry was eager to pursue favorable
17 trends to the south. Exploratory programs include aero-
18 magnetic surveys, seismic surveys, both group and propriet-
19 ary, surface and subsurface geological studies which in-
20 vestigated the possible presence of petroleum source rocks
21 and reservoir rocks. In 1967 the title dispute between
22 the State of Alaska and the Federal Government resulted in
23 a lawsuit that took eight years to resolve. This abated
24 the industry's efforts until 1972 when new group and pro-
25 prietary seismic surveys were undertaken. This work

1 has continued and today we estimate that in excess of
2 12,000 miles of seismic data have been recorded. An
3 additional 6,000 miles of high resolution data were re-
4 corded to determine presence and location of sea-floor
5 geologic hazards. A group coring program was undertaken
6 in 1973. Dart and dredge sampling programs have also
7 been conducted. At least one shipborne gravity survey
8 was recorded and gravity and magnetics have been recorded
9 in conjunction with some of the seismic programs.
10 We further estimate that 35-to-40 crew months of surface
11 geologic work has been performed by the industry in an
12 attempt to better assess the oil and gas potential of the
13 Lower Cook Inlet. In addition, samples have been analy-
14 zed in laboratories for the presence of hydrocarbons.

15 *

16 No deep stratigraphic tests have been drilled by the in-
17 dustry in the Lower Cook Inlet OCS waters; however, approxi-
18 mately 150 exploratory wells have been drilled in the Cook
19 Inlet. Of these perhaps 25 are located such that they
20 are considered pertinent to the evaluation of the Lower
21 Cook Inlet's oil and gas potential. These wells occur
22 on the north and east on State water bottoms, on the Kenai
23 Peninsula and into the west on Iniskin Peninsula. Some
24 of the earliest drilling in Alaska was on the Iniskin
25 Peninsula where abundant oil seeps occur and where

1 non-commercial oil production was established from middle
2 Jurassic shales.

3 *

4 Approximately thirty oil and gas companies have acquired
5 exploratory data in Lower Cook Inlet throughout the years.
6 Sixteen companies nominated areas for leasing.

7 *

8 My discussion of the geology of Lower Cook Inlet will be,
9 of necessity, brief. It is not the Committee's intent
10 to supplant the geological description in the Draft
11 Environmental Impact Statement. My remarks are merely
12 included to set the stage for my discussion of oil and gas
13 potential.

14 *

15 The prospective area is roughly 100-miles long, 30-to-50
16 miles wide, and lies wholly under water. The area which
17 is the subject of the Draft Environmental Impact Statement
18 lies in 200-to-600 feet of water.

19 *

20 In excess of 30,000 feet of sediment has been deposited
21 in this area. Rocks of Lower Jurassic age and older are
22 highly contorted and therefore are considered non-prospec-
23 tive. However, rocks of Middle Jurassic age and younger
24 are highly prospective. These include units that are
25 productive in the Upper Cook Inlet.

1 In assessing the potential of a basin to produce certain
2 quantities of oil and gas, we must first face the issue
3 of the likelihood that any oil or gas is present. This
4 is accomplished by studying the rocks in the outcrop and
5 trying to establish the history of the basin through
6 geologic time. Certain very basic questions relating
7 to the theory of the origin of petroleum have to be
8 answered. Two of the more important questions are:
9 1) Are there rocks in the basin with sufficient amounts
10 of organic material that could have generated oil and/or
11 gas? 2) Have these rocks known as 'source rocks' been
12 subjected to temperatures sufficient to release that
13 petroleum? The answer to both of these questions in
14 Lower Cook Inlet is affirmative. Several rock forma-
15 tions have the required characteristics to be classed as
16 potential source rocks for petroleum.
17 As further indicators of the presence of oil and gas in
18 basin, there are several onshore seeps and many of the
19 25 wells surrounding the Lower Cook Inlet have had oil
20 and gas shows. At Iniskin where I previously mentioned
21 subcommercial production had been found, the oil was
22 analyzed and determined to be a paraffin-base crude with
23 a desirably low sulfur content of less than one-tenth of
24 one percent. The range of API gravities measured was
25 31.9%-to-46.8%.

1 The estimation of the amount of oil and gas present in a
2 basin rests largely with the thickness and quality of
3 reservoir rocks and areal size of the subsurface features
4 which could hold the accumulation of oil and gas, called
5 'traps'. Several formations in the outcrop have rocks
6 of good to excellent reservoir characteristics. In addition
7 we believe that the major oil producing zones of the Upper
8 Cook Inlet will be present in some of the area. The ex-
9 tensive geophysical surveys have outlined approximately
10 twenty traps or prospects in this area. These vary in
11 size and quality. They involve both tertiary rocks which
12 produce in Upper Cook Inlet and Mesozoic rocks.

13 *

14 The Bureau of Land Management has estimated a maximum of
15 2.6 billion barrels of oil and 3.3 trillion cubic feet of
16 gas as the potentially recoverable reserves for Lower Cook
17 Inlet. Our preference ranking of OCS frontier areas shows
18 Lower Cook Inlet very close to the top of this ranking,
19 placing third behind the mid-Atlantic and the Gulf of
20 Alaska.

21 *

22 The last subject that I would like to address myself to
23 today is the need for further production from Southern
24 Alaska.

25 *

1 One element of the energy policy that both the Congress
2 and the Administration endorse is the need to reduce this
3 country's dependence on foreign oil. Unfortunately,
4 political motivations have superseded the national need,
5 and counter-productive legislation, regulation, and delay
6 have been the order of the day. Strangling legislation
7 and regulation have sharply slowed the search for and
8 development of new domestic energy resources during the
9 past several years, a period which demanded incentives for
10 action, a period which saw our dependence on foreign oil
11 imports nearly double.

12 *

13 However, under current leadership in the DOI the necessary
14 OCS opportunities are being made available. The courts
15 have now apparently perceived that development is an in-
16 tegral part of our American way of life and have also re-
17 cognized that the Interior is indeed abiding by both the
18 spirit and intent of the National Environmental Policy
19 Act, as well as other pertinent laws and regulations in
20 discharging their responsibility to protect our environ-
21 ment. Having thus been rebuffed, the forces of delay
22 are now attacking the need for potential new oil reserves.

23 *

24 *

25 *

1 It has been stated that new reserves in Southern Alaska
2 will glut the west coast market and that all new produc-
3 tion would have to seek new markets such as Japan.
4 This statement is not only totally misleading, it also
5 ignores the compelling need - that compelling need is the
6 national need to reduce our oil imports.

7 *

8 My own company's forecasts portray that need. In 1970
9 this country's oil imports were only 23% of demand; in 1973
10 the last year before the recession, the Arab oil embargo
11 and the OPEC-imposed crude price increases, this country
12 consumed 17.3 million barrels per day of oil, and needed
13 net imports of 6.2 million barrels per day, or 36% of the
14 total to meet that demand. This year, with recovery
15 from the recession under-way, we will consume a little
16 more, but we will need to import nearly 7 1/2 million
17 barrels per day, well over 40% of our demand. By 1985
18 even with much lower growth rates for the consumption of
19 both energy and oil, our oil consumption will rise to more
20 than 21 million barrels per day, and required imports will
21 be 10-to-11 million barrels per day, about 46% of our
22 demand. And this forecast assumes rapid development of
23 our domestic coal resources, rapid growth of nuclear power
24 as well as substantial new oil from assisted recovery in
25 existing fields and expeditions development of frontier

1 area oil and gas reserves - offshore and in the Arctic.
2 More details of this outlook are shown in the So.Cal.
3 Briefing Paper entitled 'Energy: Can the U. S. Increase
4 its Self-Sufficiency' - (of which a copy is attached to
5 this testimony).

6 *

7 It is apparent that every area of promising oil and gas
8 potential, every possible new barrel of domestic production
9 must be developed. Even in 1976 each barrel of foreign
10 oil imported entails an outflow of American funds to
11 foreign governments of about \$11.00 per barrel, a total of
12 nearly \$30-billion dollars in 1976. By 1985, with im-
13 ports growing and OPEC unilaterally setting oil prices,
14 the total is sure to be much higher. The national need
15 for this new domestic production from the Lower Cook Inlet
16 area is obvious.

17 *

18 Now let me turn briefly to the west coast oil supply
19 situation - which has been the subject of so much mis-
20 leading rhetoric.

21 From a purely 'barrel balance' point of view, we would
22 expect a near balance of oil supply and demand in the
23 west, District V, through the next five years. With a
24 full Alaska Pipeline (that is 2-million barrels per day)-
25 continued Cook Inlet production, and 300,000 barrels per

1 day of new southern Alaska crude in 1985, a manageable
2 surplus of 300,000-400,000 barrels per day at most might
3 develop in District V. This surplus is on the basis
4 of no movement of crude from the west coast eastward.

5 *

6 But the future probably won't unfold that way! There
7 will be the normal commerce problems one would expect when
8 a massive new supply is introduced to an existing market.
9 In a free market these problems would be solved by the
10 normal market mechanisms.

11 *

12 Unfortunately, government controls on oil prices, on oil
13 allocations, and in some cases unreasonably severe environ-
14 mental restrictions all work to abort the normal market
15 mechanisms.

16 *

17 The new Alaskan Arctic oil is comparatively high in
18 sulfur and in residuum content. This means that the
19 west coast refiners will need to expend considerable
20 capital on refinery downstream modifications to use this
21 oil in place of offshore and Canadian imports. But under
22 existing Federal price and allocation programs, and in the
23 face of environmental opposition, particularly in
24 California and Washington, it is doubtful that the re-
25 finers can make these needed modifications. The delays

1 already imposed are crippling. The obvious solution is
2 to move part of the west coast oil supply to the U.S. mid-
3 continent, midwest and northern tier refineries where the
4 need is great and where many refineries are already
5 equipped to handle this crude.

6 *

7 But even here various pipeline proposals are meeting en-
8 vironmental and regulatory resistance. Elimination of
9 burdensome regulations and a reasonable approach to en-
10 vironmental protection will let the industry handle any
11 surplus that might develop for the benefit of the nation
12 as a whole.

13 *

14 An interesting fact which you should not overlook, is that
15 the quality of this new oil from the Lower Cook Inlet is
16 likely to be similar to the present Cook Inlet production,
17 and very different from the Arctic oil. Very low in
18 sulfur and lighter in gravity - this oil will be an ex-
19 cellent crude for the west coast refineries and market
20 requirements.

21 *

22 In summary, the industry has prepared for a sale in this
23 area in a manner similar to other OCS leasing areas collect-
24 int exploratory data and interpreting it to arrive at an
25 evaluation of the tracts. We have assessed the

1 potential and find the USGS's figure reasonable and suf-
2 ficient to proceed with evaluation of the area through
3 lease acquisition and exploratory drilling.

4 Finally, we see ample need for the potential production
5 in the west coast market.

6 We ask that you consider these factors in your deliberation
7 and we trust that your decision will allow us to get on
8 with the job of increasing this country's domestic reserves.

9 Thank you very much!

10 *

11 JUDGE:

12 Are there any questions from the panel?

13 MEMBER GILL:

14 Mr. Silcox, what is your time lag from date of lease to
15 production of the oil in the Lower Cook Inlet?

16 MR. SILCOX:

17 The Lower Cook Inlet I would say will not be as drastic
18 in time lag as say the Gulf of Alaska and I would say that
19 from the time of exploratory drilling to first production
20 would probably be a time-frame of around five years.

21 MEMBER FERRAND:

22 Mr. Silcox, did the committee that you represent make any
23 of their own estimates en toto of the resource value of
24 that sale area or did you merely accept the GS version and
25 try to affirm it, and if so, is your estimate available
to the public?

1 MR. SILCOX:

2 Well you must realize that we are a consortium of
3 companies with many competitive interests and while the
4 companies have indeed arrived at their own evaluations of
5 the resource availability or potential of the area, this
6 is not communicated together, for obvious reasons, com-
7 petitive reasons. But I would say it is the consensus
8 of the committee that the figures developed by the geo-
9 logical survey are indeed adequate and representative.

10 MEMBER WHEELER:

11 I assume from your statement concerning the west coast
12 supply and demand situation that you foresee delivery
13 and yet you do not say categorically I suppose (or that
14 you're not prepared to say) that none of this product
15 would be exported. Is the decision about export de-
16 pendent upon refinery capability on the west coast and
17 in the midwest, and is it true that it is possible that
18 some of this new supply would be exported to Japan?

19 MR. SILCOX:

20 I would say it is obvious that there are certain advan-
21 tages to being able to freely operate within the market
22 and to exchange crude from one point for crude in another
23 point, to shorten the hauling distances and minimize the
24 amount of pipelines that would have to be built and so
25 forth. Now as you know, the enabling legislation

1 on the Alyeska pipeline forbids sale of the Arctic crude
2 to the foreign markets, however, there have recently been
3 some encouraging statements by officials in Washington
4 that exchanges may be permitted - and I would say that
5 most certainly that economies of distribution can be
6 achieved if the industry is permitted to work out exchanges
7 with foreign governments that would land the crude in the
8 areas in which we need it.

9 MEMBER WHEELER:

10 You do not foreclose then the possibility of export to
11 Japan?

12 MR. SILCOX:

13 I do not foresee that it could not happen, no, and I would
14 indeed hope that it would if equitable exchanges can be
15 made.

16 MEMBER WHEELER:

17 But you think on the whole it would reduce our dependence
18 on a net basis?

19 MR. SILCOX:

20 I would say that export does not mean a net loss to the
21 United States because it would be on a one-for-one
22 exchange basis, equal value.

23 MEMBER TRUESDELL:

24 This exchange mechanism is not well understood by the
25 general public, could you describe that a little bit!

1 MR. SILCOX:

2 Mr. Truesdell, I am a geologist and I am involved in the
3 oil business but basically it's just like anybody else
4 that may have a product he wants that is not immediately
5 available to him in a certain market - so he goes out else-
6 where to look for it and he can do it either by buying it
7 elsewhere, or if you have something else you may wish to
8 barter for it then you may barter for it. In this case
9 we barter like-products. It's done on the value basis,
10 you establish the value of the crude on the basis of its
11 chemical characteristics and come to an agreement between two
12 parties - 'yes, I have some oil which is in close proximity
13 to your market' say in Japan, and if the Japanese have some
14 crude that you control - you can control say in the mideast
15 which could more easily be landed say on the east coast of
16 the United States and therefore you deliver your oil there
17 and then we'll make our oil available to you.

18 *

19 JUDGE:

20 Are there any other questions? (NO RESPONSE). Thank
21 you very much Mr. Silcox. Mr. Meyer, if you will
22 introduce your last speaker now.

23 MR. MEYER:

24 Yes Judge, our last speaker today will be Mr. R.C. Visser.

25 *

1 environment. The Department of the Interior is to be
2 complimented on a very well researched and documented
3 effort.

4 *

5 The remainder of my presentation will concern itself with
6 the methods and equipment that the industry would plan to
7 use following a lease sale. In this part of the present-
8 ation I will use a number of slides to illustrate the
9 types of equipment and methods available.

10 The proximity of the proposed lease sale area to the exist-
11 ing production operations in Upper Cook Inlet leads to an
12 immediate comparison between the two areas.

13 Exploratory drilling commenced in Upper Cook Inlet during
14 the summer of 1962. The first permanent platform was in-
15 stalled in 1964 and first production from the Upper Cook
16 Inlet commenced in 1965. The four oil fields and one
17 gas field have to-date produced approximately 550-million
18 barrels of oil and nearly 600-billion cubic feet of gas.
19 Current production is about 133,000 barrels of oil and
20 215-million cubic feet of gas per day. This production
21 comes from fourteen platforms that were installed in the
22 period from 1964 to 1968.

23 This development was accomplished in an area that is far
24 more hostile than the Lower Cook Inlet area. Tides in
25 Upper Cook Inlet are amongst the highest in the world,

1 ranging up to thirty feet. These tides in turn produce
2 ten to twelve feet per second surface water currents.
3 Furthermore, in contrast to Lower Cook Inlet, the area is
4 covered with up to four-foot-thick ice during the winter
5 months. During periods of ice cover the tides move the
6 ice up and down the Inlet at essentially the same speed
7 as the water current, thereby exerting enormous crushing
8 pressures on all objects in its path.

9 *

10 The design and installation of the permanent production
11 platforms and pipelines in Upper Cook Inlet was a trem-
12 endous engineering accomplishment. The fact that it was
13 done, and furthermore that it was done well, must be
14 credited to the forward planning and extensive research
15 performed by the oil industry operating in Upper Cook
16 Inlet.

17 *

18 Next, a few comments on the physical environment in Lower
19 Cook Inlet and how these would affect oil operations. Of
20 particular interest to the offshore design engineers are
21 maximum wave heights, current and wind velocities, ice
22 conditions and the level of ground shaking due to earth-
23 quakes.

24 As expressed in the Draft Environmental Impact Statement
25 the environmental conditions in Lower Cook Inlet are much

1 less severe than encountered in other areas where the
2 offshore oil industry is now operating. The Lower Cook
3 Inlet has neither the strong currents and ice conditions
4 of Upper Cook Inlet, nor does it have the high waves ex-
5 perienceed in the Gulf of Alaska and the northern North Sea.

6 *

7 Our studies for instance indicate that the maximum wave
8 height expected during a one hundred year interval in
9 Lower Cook Inlet is somewhat less than sixty feet. This
10 compares with a wave height of about one hundred feet in
11 the Gulf of Alaska and the northern North Sea.

12 Ice is not expected to occur within the proposed lease sale
13 area. Maximum current velocity of some 7-feet per second
14 in Lower Cook Inlet compares with a current velocity of as
15 much as 12-feet per second in Upper Cook Inlet. Maxi-
16 mum wind velocity with a one hundred year recurrence
17 frequency in the lease sale area is about 110-miles per
18 hour. This compares with a wind velocity of some
19 125-miles per hour expected under maximum conditions in
20 the Gulf of Alaska.

21 The entire Cook Inlet area is considered to be an area of
22 moderate to high seismic activity. Earthquake design
23 loads however, for platforms in Lower Cook Inlet, are
24 expected to be significantly lower than those for plat-
25 forms in the Gulf of Alaska. This is because the focal

1 depth of earthquakes in Lower Cook Inlet is expected to
2 be in the order of 50-to-75 miles as against 6-to-10 miles
3 in the Gulf of Alaska, thus restricting the amount of
4 seismic energy that can reach the platform sites.
5 Indirect effects of an earthquake will have to be care-
6 fully considered. Tsuanamis are of major importance in
7 the design of shore facilities but are not a threat to
8 offshore platforms. Submarine soil slides have occurred
9 due to earthquakes in soft clay soils. The results of
10 industry dart coring programs and acoustic surveys in-
11 dicate that the bottom of Lower Cook Inlet consists of
12 hard clays, sand and gravel. Accordingly, earthquake-
13 induced soilslides are not expected in the proposed lease
14 sale area.

15 *

16 In summary then, the physical environment of Lower Cook
17 Inlet does not pose any problems that have not been en-
18 countered in other offshore areas.

19 *

20 The first step after a lease sale has been held and after
21 permits have been obtained is to do exploratory drilling
22 on the newly acquired leases.

23 To do this exploratory drilling a family of mobile drilling
24 units is available. As shown (in the slide here) drilling
25 units have been built that are capable of drilling

1 everywhere from the coastal marshlands out to over 3,000-
2 feet of water in the open sea.

3 Methods for exploratory drilling are discussed at great
4 length in Appendices 8 and 8(A) on the Draft Environmental
5 Impact Statement.

6 *

7 I will only briefly mention the three types that will
8 likely be used for exploratory drilling in the Lower Cook
9 Inlet. These are first of all the jack-up drilling unit -
10 - - in line with the earlier question I should mention
11 there some-200 of these jack-up units in operation and/or
12 under construction around the world.

13 The proposed lease sale area has water depths with less
14 than 350-feet; modern jack-up units can operate in water
15 depths to approximately that level.

16 As I explained earlier, the bottom depth in Lower Cook
17 Inlet area we expect to be hard clays, sand, gravel, and
18 we would therefore not expect any of the problems as ap-
19 peared with the Ferris in Kachmak Bay.

20 The second type rig that could be used in Lower Cook Inlet
21 is the semi-submersible drilling unit. Also one type rig
22 that could be used is the Ship-shape type drilling unit.

23 *

24 As a matter of interest, in the early 1960s both the jack-
25 up type drilling rig as well as the ship-shape type

1 drilling rig were used to drill the exploratory wells in
2 Upper Cook Inlet.

3 *

4 If the exploratory drilling is successful in locating
5 commercial hydrocarbons, the next step is normally in-
6 stallation of a platform from these platforms. Now as
7 shown in this slide, wells may be drilled with a bottom
8 hole location 5-to-7 thousand feet away from the surface
9 location for the depth wells anticipated. Subsea com-
10 pletions may be used in very deep water or for peripheral
11 drilling to complete field development near a platform.

12 *

13 There are basically three types of platforms that could be
14 used for development in Lower Cook Inlet. These are the
15 template type platform, the tower type platform, and the
16 gravity type platform. Both the template and the tower
17 type platforms are secured to the ocean bottom with piling,
18 the gravity type platform does not require piling.

19 *

20 The evolution of the template type platform is illustrated
21 in this slide. Since installation of the first specifi-
22 cally designed steel structure in 20-feet of water in the
23 Gulf of Mexico in 1947, the offshore industry now has
24 fixed platforms in operation to about 500-feet of water,
25 is installing one in 850-feet of water, and is constructing

1 a platform for 1,000-feet of water. The 1,000-foot
2 waterdepth platform is expected to be installed in the
3 Gulf of Mexico in 1978.

4 These structures consist of three basic components, the
5 jacket or template, piling, and the deck. The jacket
6 is fabricated onshore in a horizontal position, then it
7 is barged to location and launched to a vertical position
8 on bottom. Piling are driven through members of the
9 jacket to fix it securely to the bottom. The platform
10 is completed by installing deck sections which contain
11 both the drilling and production equipment.

12 *

13 The tower type platform differs from the template platform
14 in that the jacket has only three or four very large legs.
15 Like the template jacket it is built onshore. With its
16 large diameter legs, this structure is self floating and
17 does not require a barge for transport to the location.
18 Upon arrival on location, the structure is upended by
19 selective flooding of the large legs. Piling are then
20 driven through the large legs to anchor the structure to
21 the bottom. This type of structure is particularly
22 adaptable to withstand the concentrated ice loads such as
23 occur in Upper Cook Inlet. Fourteen structures of the
24 type shown in this slide have been installed in Upper
25 Cook Inlet in the period from 1966 to 1968.

1 The gravity type platform is a relatively new development.
2 They do not require piling for stability. Several con-
3 crete platforms have been and are being built for fields
4 in the North Sea - - this slide shows the details of one
5 such structure for 450-feet of water.

6 *

7 Generally the preferred and safest way to transport off-
8 shore production is through a subsea pipeline to shore
9 facilities. From this point the crude oil would then
10 be transported by tanker to the U.S. west coast.
11 The construction of subsea pipelines employs special
12 pipelay barges. This slide shows such a lay barge that
13 was used in Upper Cook Inlet to install pipelines from the
14 platforms to shore.

15 Pipelaying technology has kept pace with the offshore oil
16 industry demands. Pipelines 36-inches in diameter have
17 been installed in the northern North Sea in water depths
18 over 500-feet. The technology exists today to install
19 pipelines in waterdepths to 3,000 feet.

20 Alternative methods to pipelining have been developed,
21 particularly for marginal fields far from shore. One
22 such system now in operation in the northern North Sea
23 is shown in this slide. This system employs a spar
24 type loading buoy from which tankers are loaded.

25 *

1 In conclusion then, the offshore oil industry's capabil-
2 ity to safely explore and develop the tracts proposed
3 for leasing has been demonstrated in other operating areas
4 with more severe environmental conditions. The off-
5 shore oil industry has both the technical capability and
6 the necessary equipment to commence operations in Lower
7 Cook Inlet NOW.

8 Thank you!

9 *

10 JUDGE:

11 Are there any questions of Mr. Visser?

12 MEMBER TRUESDELL:

13 Mr. Visser, are you aware of any pipeline problems they
14 have had in the Upper Cook Inlet - -

15 MR. VISSER:

16 - - yes we are. The very first pipeline that was in-
17 stalled in the Upper Cook Inlet - because of the very high
18 tides there was the very unique problem of bottom that
19 caused a flooded condition where the pipeline was suspended
20 over a large area. This problem was recognized after it
21 appeared the first time and measures were taken to prevent
22 this in the future - but apart from the initial difficulty
23 there has not been any additional occurrences.

24 *

25 *

1 MEMBER TRUESDELL:

2 The pipelines would be the most feasible way to get the
3 production onshore, would it not?

4 MR. VISSER:

5 That is correct. They are as a rule, certainly the
6 safest as well as the most economical way of getting the
7 production to shore.

8 MEMBER TRUESDELL:

9 Have you ever had any problems in the Upper Cook Inlet
10 concerning the State giving authority to bring the pipe-
11 line ashore?

12 MR. VISSER:

13 No we have not, the Upper Cook Inlet development of course
14 occurred certainly before NEPA and before the environmental
15 concerns and probably did not originate until 1968 - and
16 at that time the development in Upper Cook Inlet was
17 complete - -

18 MEMBER TRUESDELL:

19 - - and they were State leases!

20 MR. VISSER:

21 They were State leases, yes.

22 *

23 MEMBER FERRAND:

24 Mr. Visser, does the industry have any plans - or continuous
25 plans now that would indicate which of the available port

1 sites might be used both for support facilities and for
2 transportation of oil when it is discovered?

3 MR. VISSER:

4 I think each company individually in its preparation for
5 the Lower Cook Inlet lease sale has done preliminary
6 studies to see what would be the most likely places to
7 serve as shore facilities. Obviously this is dependent
8 on the amount of crude that might be found as well as the
9 distance where it might be found. There are several
10 natural markers along the shore of Lower Cook Inlet that
11 could well serve as both an operations base and as a
12 terminal facility.

13 * * MR. SILCOX:

14 If I may just add to that: Of course this area is
15 rather lengthy although not too wide, and therefore
16 there are a number of options that are available as to
17 where you would go to the shore. Therefore I'd say
18 that while we recognize the number of options that are
19 available it will ultimately determine - be determined
20 as to where the oil is actually found - so it would be
21 impossible to go further at this stage on that.

22 MEMBER FERRAND:

23 May I ask a question in relation to Mr. Mueller's statement
24 earlier that unity is in the area, even during the stage -
25 (say it would be now which is merely the proving stage) -

1 even as early a guess as they can have in order to prepare
2 for any impact - it would seem to me that while you can't
3 say in definite terms the earliest that can be indicated
4 what your planning might be it would be beneficial to those
5 impacted communities.

6 MR. VISSER:

7 One thing that maybe is quite often overlooked is the time
8 gap between the period of the exploratory phase and the
9 point in time of actual production operations starting.
10 Now in the Upper Cook Inlet that gap is relatively short
11 and narrow, but primarily because there were not time
12 limit restraints or permanent restraints - - - but as we
13 mentioned earlier in the Gulf of Alaska it might be some
14 eight years between the time exploratory drilling commences
15 and the time production is really initiated - now in the
16 Lower Cook Inlet that period may be five years. At least
17 from our point of view this five year time gap would seem
18 to provide additional and sufficient time to plan for im-
19 pacts that would be created by the production problem.

20 * * MR. SILCOX:

21 I'd like to add briefly to that - and that is that the
22 parent or the original organization that we have come
23 from, the Gulf of Alaska Operators Committee, early on
24 undertook to advise the State as to potential bases
25 that we saw for operations in the Gulf of Alaska.

1 I'd just reiterate Mr. Rogers' statement that it is
2 our intent to convey as much of this information in
3 a timely fashion, as early as we can, to all agencies
4 concerned so that we can establish a good working
5 relationship and that ultimately if and when any oil
6 is found it will lessen the time lag that we're talking
7 about.

8 MEMBER WHEELER:

9 This presentation has not thusfar, Mr. Meyer, addressed
10 the question of cleanup capability, do you intend to
11 cover that subsequent point in the hearing?

12 MR. MEYER:

13 Yes, we expect to have some comments on that in Homer.
14 We still have two witnesses scheduled for Homer on
15 Thursday and the last witness will have some comments on
16 cleanup.

17 MEMBER WHEELER:

18 Thank you.

19 MEMBER HOFFMAN:

20 Mr. Visser, you did not discuss manpower requirements but
21 Commissioner Mueller earlier this morning expressed the
22 concern about displacement of labor and used the Valdez
23 situation as a case in point, would you anticipate that
24 the Cook Inlet proposal would be of the magnitude of what
25 happened in Valdez?

1 MR. VISSER:

2 No, I believe the Valdez case itself was a unique position-
3 it's the terminal of an 800-mile long pipeline which is
4 to be carrying two million barrels of oil per day. I guess
5 one could foresee that the Lower Cook Inlet would also
6 produce two million barrels of oil per day = and I guess
7 it would be marvelous for the nation if we did. I think
8 it's likely however that anything of that magnitude would
9 develop in the Cook Inlet and conversely the magnitude of
10 the operation would be much smaller.

11 And furthermore, the facilities are already available in
12 Upper Cook Inlet - the Upper Cook Inlet apparently ships
13 (as was mentioned earlier) 130-thousand barrels per day,
14 which is down somewhat from what it has been in the past.
15 I don't believe the Upper Cook Inlet has had quite the
16 impact, it certainly has not had the impact that the Valdez
17 area has experienced.

18 *

19 JUDGE:

20 Are there any other questions? (NO RESPONSE). Thank
21 you Mr. Meyer - - thank you very much gentlemen for your
22 presentation.

23 I'm not certain that our next listed speaker has as yet
24 arrived - is Mr. Jim Kowalsky here? (NO RESPONSE).

25 *

1 JUDGE:

2 At this time there has been a special request that some-
3 one else speak -- the time that he was listed was later in
4 the program - so at this time we will have Mrs. Virginia
5 dal Piaz who is representing the Alaska Conservation
6 Society, the Upper Cook Inlet Chapter. Mrs. dalPiaz!

7 VIRGINIA dal PIAZ:

8 Gentlemen, thank you for moving me up on the schedule.
9 Also with your permission and indulgence I'd like to read
10 two statements - my husband had originally been scheduled
11 to read one but he is unable to attend so I would also
12 like to read that one at this time.

13 JUDGE:

14 Very well.

15 VIRGINIA dal PIAZ:

16 My name is Virginia dal Piaz, I reside at 801 'H' Street
17 in Anchorage. I am here reading two statements, one
18 from the Alaska Conservation Society and the other from
19 the Upper Cook Inlet Chapter of the Alaska Conservation
20 Society. (First I'll read the Alaska Conservation
21 Society statement).

22 I am representing the Alaska Conservation Society at the
23 request of Lawrence R. Mayo, President, who unfortunately
24 could not be present today. The Society, founded in
25 1960, is an organization of Alaskans dedicated to securing

1 the wise use, protection and preservation of the scenic,
2 scientific, recreational, wildlife and wilderness values
3 of Alaska. The Society has approximately 1,000 Alaskan
4 members and nine chapters located throughout Alaska -
5 namely in Anchorage, Kenai, Homer, Kodiak, Juneau, Sitka,
6 Petersburg, Ketchikan and Fairbanks.

7 The Society wishes to re-iterate some general statements
8 about leasing of the outer continental shelf. In testimony
9 at Project Independence hearings held in Anchorage, we
10 questioned the assumptions that were used as a basis for
11 the decision to move as rapidly as possible toward U.S.
12 self-sufficiency in petroleum resources. The Alaska
13 Conservation Society still has fundamental disagreements
14 with Project Independence. We can argue about orderly
15 and timely resource development, about environmental pro-
16 tection and whether or not fair market value will be re-
17 ceived, but the main point is that we think that removing
18 American oil from the ground is poor strategy. The US.
19 has not listed public interest priorities for use of oil
20 once it is removed. The Society feels that the nation
21 must re-order its priorities, adopt and practice conser-
22 vation measures and examine alternative sources of energy.
23 Oil has some special and specific uses, for example
24 medicines, lubricants and petrochemicals, for which there
25 are no substitutes. Our petroleum should be reserved to
the fullest possible extent for those uses.

1 In our opinion there should be no leasing in the Alaskan
2 outer contentintal shelf region until we can predict the
3 main environmental consequences of such activity with
4 reasonable precision, and know that these consequences
5 are tolerable. Considering the wealth of renewable
6 marine resources known in Alaskan outer continental shelf
7 regions from the Gulf of Alaska, including Lower Cook
8 Inlet and Kachemak Bay to the Chukchi Sea; considering
9 the dependence of thousands of Alaskans on these resources,
10 and their contribution to world protein supplies; consider-
11 ing the opportunities for substantial reductions in per
12 capita oil and gas consumption in the U.S. in the next
13 five years; and considering the increase in petroleum
14 supplies likely from other North American areas available
15 in the next five to ten years, we see no reason whatever to
16 make commitments of public offshore petroleum resources in
17 Alaska through leases to private industry at this time.

18 Thank you!

19 Any questions on that? (NO RESPONSE).

20 Now I'd like to read the other statement of one of the
21 Society's Chapters, the Upper Cook Inlet Chapter, which
22 is based in Anchorage.

23 I am President of that Chapter, it was founded in 1968
24 and has approximately 200-members. I am presenting these
25 comments on behalf of the Executive Committee and the
membership of that Chapter.

1 Briefly, I'd like to review the general context in which
2 we view this Draft EIS on the Lower Cook Inlet. Our
3 Chapter and other ACS Chapters across the State (in ad-
4 dition to the State-wide ACS headquarters in Fairbanks)
5 have been involved in commenting on the accelerated OCS
6 leasing since its inception in 1973 with Project
7 Independence. We, in addition to other organizations,
8 citizens, and the State of Alaska, opposed speeding up the
9 leasing schedule as unnecessary, environmentally damaging,
10 and as unwise in that it was trying to make a decision of
11 major proportions in an atmosphere of confusion and lack
12 of factual data.

13 *

14 Several remarks made at the OCS leasing hearings in
15 Anchorage in February of 1975 are still applicable and
16 I'll read those briefly:

17 'The Interior Department's accelerated oil and gas
18 leasing program for the outer continental shelf appears
19 to be not only an overly ambitious program, but also at
20 variance with the administrative goals set by the
21 Department for this program'.

22 Your leasing and management mandates are:

- 23 1) Orderly and timely resource development.
24 2) Protection of the environment.
25 3) Receipt of fair market value.

1 We are concerned that the proposed accelerated leasing
2 program will not meet any of these goals.

3 'In view of the well-known lack of and/or inadequacy
4 of environmental baseline data and available man-
5 power and technology, development of the OCS pet-
6 roleum resources of Alaska does not appear to
7 satisfy the Department's own guidelines that de-
8 velopment be accomplished in an orderly and timely
9 fashion!

10 'It is questionable also whether Interior's goal of
11 obtaining fair market value for OCS oil and gas re-
12 sources can be achieved. The Ford Foundation's
13 Energy Policy Project report stated that:

14 'Following an overall policy goal of domestic energy
15 self-sufficiency and apparent guiding philosophy
16 behind this decision (to lease ten million acres
17 per year) was to release as much of the resource as
18 could be sold, with little concern that the market
19 for leases in coming years is apt to be flooded.
20 Revenues to the Federal Government will probably
21 drop as competition decreases'.

22 *

23 It has also been pointed out that the shortage of capital,
24 steel, and skilled manpower, may mean that oil companies
25 will not have the capability to proceed with development

1 on such an accelerated basis. Nor apparently has the
2 Department considered that it takes energy to produce and
3 distribute energy - and the evidence is mounting that we
4 are approaching (if we have not already reached) the point
5 of diminishing returns in this regard.
6 Consider the very high energy costs of developing OCS
7 areas so much closer to the points at which the resources
8 will actually be used. In short, there is no clear evi-
9 dence that the energy benefits that could accrue from such
10 a proposed program will offset the social and environmental
11 costs involved. The assumption appears to be implicit
12 that national energy requirements are so paramount as to
13 justify all the environmental and human losses. Interior
14 fails to recognize the growing reluctance in the U.S. to
15 sacrifice important natural resources to the headlong rush
16 toward economic growth. Many people are seriously
17 questioning the assumptions that 'bigger is better' and are
18 urging a re-evaluation of U.S. goals and priorities in
19 this regard.

20 *

21 Nor, we suggest, have you even begun to evaluate the pre-
22 datory and extraordinarily wasteful character of what some
23 have chosen to call our 'high energy civilization' with
24 its vaunted high standard of living (or rather, high
25 standard of consumption).

1 The serious deficiency in trained technical and
2 scientific manpower in the U.S. both in government and in
3 industry, suggest that there is reason to doubt that the
4 accelerated leasing program can be accomplished with
5 adequate safeguards to the environment.

6 *

7 Title 40, Section 1500.7 of the Code of Federal Regu-
8 lations specifically states that 'draft statements on
9 administrative actions should be prepared and circulated
10 for comment prior to the first significant point of
11 decision in the agency review process'.

12 The Environmental Impact Statement on OCS leasing and on
13 the Northern Gulf of Alaska were in our opinion, inadequate
14 in many respects, but especially in environmental data.
15 Yet it was obvious that the EIS's were not used as a
16 'point of decision', the decision to lease had already
17 been made. This is also evidently the case with the
18 Lower Cook Inlet sale. We can conclude nothing less
19 than that this hearing is just making a mockery of the
20 public input and the law. It seems that the supposed
21 oil 'needs' of the Lower 48, and which is also called the
22 'national interest' (still an undefined term) can over-
23 ride and circumvent all other concerns.

24 *

25 *

1 Members of our Chapter are reviewing the Draft EIS in some
2 detail and will be submitting a written comment on our
3 findings. Thusfar the concensus is to find it
4 inadequate.

5 The following are several reasons why we believe the
6 leasing of Lower Cook Inlet should be delayed:

- 7 1) The problem of west coast market glut (which has been
8 referred to earlier) from oil from the Trans Alaska
9 oil pipeline. This problem includes lack of exist-
10 ing super tanker ports, lack of refinery capacity, and
11 lack of planning and existence of pipeline oil trans-
12 portation systems inland to the midwest and eastern
13 United States.
- 14 2) Lack of adequate environmental data on Lower Cook
15 Inlet (oceanography both physical and biological,
16 marine mammals, fisheries, marine birds, etc).
- 17 3) Unstable geological area seismically activated (and
18 which also has been discussed earlier) the earthquake
19 this weekend. I also might point out the recent
20 volcanic activity of Mt. St. Augustine in this area.
21 There is a great potential for disastrous logg of
22 life and oil spills - - it is a very high risk area.
- 23 4) There is a lack of a State coastal management plan and
24 State legislation regarding such. It is estimated
25 that it will take two more years before the State

1 finishes its plan which involved finishing coastal
2 resource inventories by various agencies which will
3 identify prime recreational historical and archeo-
4 logical areas, fisheries, etc.

- 5 5) Lack of adequate studies on biological aspects of
6 Lower Cook Inlet. The few studies done were used
7 to draw results that are not accurate (in our belief).
8 Generalizations from studies on specific bays based
9 on preliminary reconizance studies are impossible to
10 base results on until all the facts are in and all
11 analysis are made. Whether preliminary results
12 represent general patterns or unique details typical
13 of the general environment take time. Also, it seems
14 the available literature has been carefully arranged
15 in such a manner to make it appear to fill the re-
16 quired impact statement outline.

17 We suspect that reading of the original research
18 papers and listed knowns would find more holes and
19 data gaps in the knowledge web of Lower Cook Inlet
20 that the statement reveals.

21 *

22 In summary, the Chapter opposes the leasing of Lower Cook
23 Inlet at this time due to an inadequate EIS and disagree-
24 ment with the need for the accelerated OCS leasing
25 schedule

Thank you!

1 MEMBER WHEELER:

2 Mrs. dal Piaz, the comments in both statements tend to
3 reflect generally on the accelerated program - perhaps
4 you weren't present this morning but I construed the
5 State's testimony to the effect that they see a critical
6 distinction between this lease sale and the general
7 frontier sales that have been proposed for Alaska.
8 I take it from your comments that the Alaska Conservation
9 Society does not agree with that statement.

10 MRS. dal PIAZ:

11 No sir, that is true. I think the sale points up the
12 question of ranking and I can respond to that by saying
13 that we think this is a mental (sic) trap, a political
14 trap, for two reasons. First, we are abysmally ignorant
15 about all of these areas, about their dynamic inter-actions
16 with marine and onshore areas so that one area is of
17 greater concern than the other. It's like placing a bet
18 on a field of totally unknown race horses.
19 Second, there is the danger that when all the votes are in
20 someone will assume that it is perfectly acceptable to
21 proceed with the exploitation whatever at the lowest
22 ranked area.

23 MEMBER WHEELER:

24 But you would have to acknowledge I think, that the State
25 has had considerable experience (at least in Upper Cook

1 Inlet) - it is not as if this were a case of first im-
2 pression as was the case with the Gulf of Alaska.

3 Does that not give you some reason to think that we can
4 profit from almost twenty years experience?

5 MRS. dal PIAZ:

6 As was pointed out by the oil company representative, a
7 lot of this work was done before the environmental laws
8 were in place and before people were aware of what was
9 going on - so I think that would be a prime reason.

10 MEMBER WHEELER:

11 You made a fairly general statement that to some degree
12 I think impunes the integrity of those of us that have
13 taken the trouble to come here concerning the effect and
14 reality of this hearing - I wonder what evidence you have
15 to support your statement that in your view the Department
16 has made its decision relative to the sale.

17 MRS. dal PIAZ:

18 Well I believe you have a tentative lease schedule already
19 lined-out. All of our protests, the protests of the
20 State and other citizens as I have pointed out, have gone
21 totally unheeded - - -

22 MEMBER TRUESDELL:

23 - - - if I can interrupt here.

24 The ten million acres is no longer a goal - - so we did
25 respond - your protests were heeded.

1 MEMBER FERRAND:

2 I might further add that the last three significant sales
3 that were held, one in your State, one in the Atlantic
4 recently, and one prior to that in Southern California
5 were significantly altered, not just by the comments we
6 received in the course of the hearings on the Environmental
7 Impact Statement but because of the input we received from
8 private citizens and local government groups. In each
9 case the sale while not totally held off, was delayed and
10 significantly ultimately reduced as the result of those
11 comments.

12 So I think that is evidence that we do not treat these as
13 a sham, we treat them quite seriously, and I know the
14 Secretary does too.

15 MRS. dal PIAZ:

16 I would be interested to know as this progresses to find
17 out whether or not you do keep this up on the proposed
18 lease schedule.

19 MEMBER FERRAND:

20 Well for one reason or another we haven't been able to do
21 it yet.

22 MEMBER WHEELER:

23 You may have a very general statement relative to this
24 sale for instance - you offer us very little in terms of
25 specific concerns that might help us.

1 MRS. dal PIAZ:

2 We do intend to have written comments in some detail.

3 MEMBER WHEELER:

4 That would be helpful and I can assure you they will be
5 given our attention.

6 MRS. dal PIAZ:

7 Also I might make the point - I don't know if any other
8 groups have a problem with this but the statement that
9 the Judge noted was released on July 13th, we obtained it
10 approximately three or four weeks ago. This gave us not
11 a great amount of time to review it. Also, if you'll
12 look at Alaska in the summer you'll find that most people
13 are out of the city - we had some trouble locating members
14 to review this and this was one of the problems.

15 MEMBER WHEELER:

16 I think the rules of the Hearing Judge would accord you an
17 additional two or three weeks - -

18 * * JUDGE:

19 - - I think September 10th is the time limit set.

20 MRS. dal PIAZ:

21 Right, that's why we intend to make written comments and
22 that's why I do not have really detailed comments here
23 today.

24 We have testified at many OCS hearings since 1973 since
25 this was begun and we have protested the accelerated leasing
 schedule each time.

1 JUDGE:

2 Thank you very much Mrs. dal Piaz!

3 In view of the fact that it is now shortly after 10:30
4 we'll have a recess for fifteen minutes - we'll come back
5 shortly after 10:45.

6 BRIEF

7 RECESS

8 HERE.

9 JUDGE:

10 The hearing will come to order! Our next witness as
11 scheduled on the program - and incidentally, I might
12 mention this - there apparently has been some difficulty
13 for some people in the rear of the room to hear and so
14 I'd like to request that all people who speak-speak clearly
15 into the microphone and speak loudly.

16 Our next witness is Kathleen Graves!

17 MISS KATHLEEN GRAVES:

18 Hello, my name is Kathleen Graves and I live in Port
19 Graham. My testimony is almost entirely related to the
20 passage in the Draft Environmental Impact Statement which
21 under section 'Socio-Economic Program' states: 'Analyze the
22 long-term socio-economic implications of growth induced by
23 and supported in the short run by the exploitation of a
24 nonrenewable resource'.

25 *

1 Port Graham is a small deep water port in the Lower Kenai
2 Peninsula. There is a native village there of some
3 109-souls. It is an area most likely to be affected
4 by the Lower Cook Inlet lease sales if they should go
5 through.

6 *

7 I am going to limit my comments to my own point of view
8 as I have not lived in the Bay long enough to represent
9 the people there. I am not going to entertain the
10 'Environmentalists versus Progress' debate. My concern
11 is that if there should be oil development in the Lower
12 Inlet how may we minimize the stresses of the 'boom-bust'
13 cycle? The boom-bust cycle can be described as a time
14 of extremely rapid growth and expansion, followed by a
15 collapse of the economy that supports this expansion. It
16 is typefied by a population explosion with a subsequent
17 explosion of demands upon local resources. For example,
18 water, power, services, schools and police protection.
19 After the boom is finished and most of the people have left
20 there is a surplus of buildings, loans, and services to be
21 paid for. This is a painfull and expensive way to go
22 about developing a resource - it is anything but support-
23 ive of a stable society based on a long living economic
24 foundation.

25 *

1 One of the ways that I think we might help alleviate
2 these growing pains is to establish the onshore facilities
3 for the oil industry in isolated areas where the impact
4 won't have to be absorbed or paid for by local and state
5 government to such a degree. I would like to see these
6 bases maintain a high degree of independence from the
7 existing population centers. This has been done with
8 some success in the Shetlands in the North Sea. Pre-
9 sumably then if this were the case the local people would
10 still experience a strong sense of community and self-
11 determination.

12 *

13 My livelihood depends upon salmon - I operate three set-
14 net sites off the beach and this comprises my major in-
15 come. My living also depends upon a fertile ocean en-
16 vironment - you see aquaculture and salmon ranching are
17 rapidly expanding industries in Alaska. I am presently
18 involved in designing a salmon hatchery in Port Graham.
19 My economy is based upon a renewable resource which through
20 the proper management could provide security to people for-
21 ever. I would prefer to see the people who intent to
22 make their living in this area for years to come base
23 their economy upon renewable resources. This must be
24 accomplished through the protection of the environment and
25 of the social structure which supports this kind of

1 economy. I would certainly hate to see a stable long-
2 term economy destroyed by a short-term boom economy
3 based upon nonrenewable resources. I would also hate
4 to see an infinitely valuable protein resource damaged
5 in the pursuit of an energy resource that is only valuable
6 relative to a particular economy trying to maintain an
7 extravagant standard of living. The protein shortage
8 (it seems to me) is far more severe than the 'energy
9 crises'.

10 *

11 I am critical of the accelerated lease sales for the
12 following reasons:

- 13 1) The basic environmental research should be allowed
14 time for completion. This vital information should
15 be gathered before there is any alteration otherwise
16 there is no way to substantiate the impact.
- 17 2) There should be a clear definition made as to who is
18 responsible for environmental contamination and social
19 costs incurred before, during, and after development.
- 20 3) If there is a national energy policy how does it ac-
21 count for the probable oil surplusses on the west
22 coast? How does this plan justify the unreasonable
23 pressures that are being exerted upon undeveloped
24 areas like we have in Alaska? Also, I would like
25 to understand how the Department of the Interior can

1 possibly expect sane and orderly development with
2 its present leasing schedule.

3 *

4 It is with a mixture of curiosity and rejection that I
5 view the potential of oil development in the Lower Cook
6 Inlet. I think it is preferable in comparison to the
7 Gulf of Alaska which offers severe risks and environmental
8 vulnerability. I consider it preferable to oil develop-
9 ment in Kachemak Bay because of the Bay's fantastic poten-
10 tial to produce food and its recreational potential.
11 Also, the Lower Inlet seems preferable because there has
12 been experience of this nature in the Upper Inlet.

13 *

14 I would like to suggest that there be a local surveillance
15 team made up of fishermen, scientists, and local interested
16 persons. Their sole responsibility would be to occasion-
17 ally tour the oil operations looking for faults and poor
18 practices. If they did find something that could be
19 corrected then this could be brought to the attention of
20 the industry and solved. This watch-dog team would
21 operate more in the spirit of discipline rather than
22 vicious retaliation.

23 *

24 *

25 *

1 Presently the people can survive in Port Graham hunting,
2 food gathering and gardening. This is the primary pur-
3 pose why I located there. If there is to be considerable
4 industrial development in this area the security of know-
5 ing that I can subsist from the land will be jeopardized.
6 This is due to population pressures, regulation of the
7 accessibility to game and general competition by people
8 with the animals for space.

9 *

10 I have established for myself a home in an environment
11 that is both beautiful and able to sustain my life. I
12 am not altogether certain that during and after oil de-
13 velopment that either of these benefits will remain.
14 Industry comes to us here playing the same role in a very
15 old play - it comes bearing prosperity and disease. In
16 this case the diseases are of a more social nature. We
17 have yet to learn how to take the prosperity and reject
18 the diseases.

19 *

20 I strongly support a local economy based upon renewable
21 resources. I expect with much oil development that em-
22 ployment in the area will be dominated by oil activities.
23 This all leads to an economy based upon a short-term non-
24 renewable resource which is an inherently unstable
25 situation. I wonder if after the oil companies leave if

1 there will be a fishery, or a sense of community, or if
2 there will be the unrestricted open spaces that we all
3 now enjoy? Will a person be able to go out to the woods
4 or the sea and catch the meat they need for the winter?
5 I wonder if there will be the sense of proud identification
6 with Alaska that the people now possess?
7 No one can answer these questions - we can only suppose
8 that things will be different!

9 Thank you!

10 JUDGE:

11 Are there any questions of Miss Graves? (NO RESPONSE).

12 Thank you very much Miss Graves!

13 Our next speaker is the General Manager of the English Bay
14 Corporation - and because of the number of people repre-
15 sented, Mr. Christian Lyou has been designated to have
16 thirty minutes time. Mr. Lyou!

17 MR. CHRISTIAN LYOU:

18 Hello, I'd like to welcome you to Alaska. I hope you'll
19 forgive if we appear a little nervous, we're not used to
20 all this kind of stuff.

21 First of all I'd like to introduce the members of the
22 village that have accompanied me up here - they are
23 members of the Board of Directors of the English Bay
24 Corporation. Starting to my left is Dan Anahonak, Jr;
25 Robert Krasnikoff who is President of the Corporation;

1 Wallace Krasnikoff, member of the Board; to my right is
2 Seraphim Ukatish and to my far right Kathy Krasnikoff,
3 also a member of the Board.

4 First of all I'd like to state that my name is Chris Lyou,
5 I am the General Manager of the English Bay Corporation
6 and I have been asked to speak as spokesman on behalf of
7 the Village of English Bay.

8 English Bay is not a well-known place, it sits on the end
9 of the Kenai Peninsula, it is located directly east of
10 St. Augustine volcano, approximately 56-miles. The
11 village sits on a sloping hillside that meets the Lower
12 Cook Inlet; it overlooks a lagoon. There are approxi-
13 mately fifteen homes/housing there - the population is
14 approximately - -well it fluctuates from 93-to-about-105,
15 depending upon the season.

16 Basically the village is primarily a family unit (that
17 also should be understood) - and because of this unique
18 type of relationship with the land the type of economy
19 that is involved in this village is that of subsistence,
20 hunting, fishing, gathering berries, working in the near-
21 by cannery in Port Graham - which is also fishing, set-
22 netting - and as the other speaker previous to us has
23 explained, it's that kind of work.

24 This subsistence type of lifestyle again (just to
25 emphasize the traditional type of nature of the village)

1 the Corporation approximately a year ago under the Land
2 Claims Act was given some land that was marketed as high
3 timber value, but in the process the Village of Port
4 Graham was given a land selection that traditionally it
5 was recognized throughout that area belonged to English
6 Bay and used for terms of identification.

7 The Village subsequently traded that land in terms of
8 the timber-sale area, for those lake-areas behind the
9 village, with the knowledge that they risked not being
10 included, and which ultimately was the conclusion - they
11 were not included in the timber sale of which the benefits
12 to Port Graham were quite substantial.

13 *

14 These people have lived here for hundreds of years, it
15 has a long history. English Bay was the site of the
16 first trading place of the Russians when they first came
17 in (it's also had various names) - at that time it was
18 called Elum Zandrosky, I believe. Again, the name of
19 English Bay which it is more commonly known by, it was
20 again an outsider's work, founded by Captain Cook (and
21 it's quite appropriate we're appearing for this hearing
22 here).

23 The community itself has its village newspaper, it's called
24 Nanawalek, which means 'The Place by the Lagoon'. It's
25 kind of a nice name, the children in the village run their

1 own newspaper and it's quite an interesting thing. They
2 have a weekly kind of thing - it's day-to-day there in the
3 school.

4 It's a village where they have a strong identification with
5 their culture, which they've allowed them - which they've
6 kept from this influx of outside forces throughout these
7 generations - but they do hold strongly to what is left.
8 There are no natives in English Bay (I should emphasize
9 that) - these are Suggestun Aleuts.

10 Like I say it's a very proud people, very much aware of
11 their heritage and culture.

12 *

13 It is very appropriate also with this OCS development
14 that they should be appearing here at this time. They
15 are determined to maintain their cultural integrity and
16 will resist these current pressures on them to change
17 that. This is not new to English Bay's thinking!
18 As recently as last fall they had a situation with the
19 Borough school where a school teacher was in the village,
20 that the village did not agree with his administering
21 corporate (sic) punishment to the children - - when they
22 could not arrive at an agreeable type of solution to the
23 problem with the School District the village removed their
24 children, set up an alternate school, acting as aides, had
25 an old teacher that lived in the village act as a teacher

1 and did it that way. And again, I only point this
2 out to emphasize the aspect of cultural integrity, the
3 aspect of trying to hold onto what they are is very im-
4 portant to the people of English Bay.

5 *

6 I would also like to make it very clear the basic position
7 of the village concerning the outer continental shelf de-
8 velopment in the Lower Cook Inlet - that basically the
9 village opposes the Lower Cook Inlet oil and gas lease
10 sale. We do NOT want direct or indirect impact from
11 OCS development. We want to preserve and protect
12 English Bay's traditional way of life, subsistence,
13 economy, rich cultural heritage, and the land itself which
14 they strongly identify.

15 The reasons for this position are clear - pride in their
16 cultural heritage, a desire to continue living in a
17 traditional manner as ancestors have (to the extent
18 possible). We feel that the Suggestun Aleuts of
19 English Bay have an inherent right to subsistence way of
20 life.

21 The fear of costs and the consequences of a lease sale in
22 the human terms are very real to these people. This
23 loss of culture would be just like if you were moving
24 someone from - - - well, for me, I first came to the
25 village as a VISTA volunteer and it was quite an experience

1 coming from Southern California, living in an urban
2 setting all my life, to be brought into a village setting
3 where primary relationships are what are important, not
4 relying upon television or reading materials in terms of
5 knowing what is going on. You find out by having con-
6 tact, by getting to know a person. The loss of the
7 traditional lifestyle would be like throwing the baby out
8 of the bath water literally, they just would not know how
9 to cope with such dramatic change so quickly.

10 *

11 The change of economics is another example - too rapid a
12 change would be disastrous to the community. They are
13 just beginning to start - just this year they started a
14 village store, it is run out of one of the homes. It's
15 very much a very loose kind of operation by anyone's
16 standards - the cash economy is just not evident in
17 English Bay, it's a subsistence way of life. They do not
18 want a McDonald's hamburger stand sitting on the end of
19 their airstrip (which they have a spit and it's located by
20 the lagoon) - that is NOT the desire of these people.

21 *

22 As was pointed out by a couple of the other speakers here,
23 long after this oil development stops and the oil rigs have
24 pumped all the oil there is to pump, these people are still
25 going to be there and they're going to have to live with

1 what has been done with the land, what has been done to
2 their lives - the disruption of their social culture, of
3 everything they know.

4 *

5 The major deficiencies of this impact statement (as we see
6 it) are basically this: First of all a failure to study,
7 consider, devise means of protecting and preserving the
8 Suggestun Aleut way of life. One of these major flaws
9 is that as we understand the major purpose of NEPA is to
10 preserve important historical, cultural and natural aspects
11 for our national heritage and maintain, wherever possible,
12 the environment which supports diversity and variety of
13 individual choice.

14 The Statement quite clearly in some instances points out
15 what could happen to these people if OCS development goes
16 in. Yet the Statement does not provide for anything in
17 terms of those consequences of what is going to happen.

18 The Statement expressly recognizes that the native culture
19 will be damaged or destroyed irreparably as development
20 occurs within English Bay-Port Graham areas. That the
21 native culture is a nonrenewable resource!

22 *

23 It goes on further to point out that native cultures are
24 precious, fragile environmental resources which must be
25 preserved. It is our feeling that such cultures are

1 part of the environment, they cannot be separated, they are
2 part of the biology.

3 *

4 The Statement discusses some aspects of impacts to birds,
5 fish, etc. - not enough attention (we feel) is devoted to
6 the most important resource out there, human resources,
7 the cultural resources of English Bay.

8 Some general deficiencies that we find in the Statement of
9 the proposed lease sale are as follows:

10 We find no special stipulations to allow individual
11 villages, as English Bay, to avoid any impact of the sale.
12 No recognition in the Statement of an inherent right to
13 subsistence, economy, and a traditional way of life.
14 No recognition in the Statement of OCS or of BLM's trust
15 responsibility to these people such as in the village of
16 English Bay.

17 *

18 One of the things that we request quite strongly is that
19 from these hearings and in the final EIS as it comes out,
20 that it be clearly pointed out somewhere in there in that
21 Statement who has that responsibility to these people.
22 Where does that responsibility lie? If English Bay
23 will be impacted if this sale goes, we want to know where
24 we can point a finger if indeed there is an oil spill and
25 if indeed that subsistence way of life is destroyed.

1 It is our feeling that because of these considerations
2 there should be two environmental impact statements.
3 This Draft Environmental Impact Statement purports to be
4 accurate from both exploratory and production basis of
5 the proposed lease sale. It is not really clear where
6 the production holes will ultimately be located; how they
7 will affect the salmon runs and other natural resources.

8 *

9 There must be provision for a second Environmental Impact
10 Statement prior to the commencement of any production
11 activity.

12 *

13 Now some specific inadequacies that we find in this State-
14 ment are basically as follows: First of all the base-
15 line studies are incomplete and the information base in-
16 adequate. Information regarding consequences of the
17 first Alaska OCS lease sale are not yet available. Too
18 much Draft Environmental Impact Statement is based on
19 assumptions, not facts. The National Oceanographic
20 Atmospheric Administration (NOAA) their baseline studies on
21 the environment affected by the proposed lease sales are
22 not finished or available as yet.

23 Ground movements to Lower Cook Inlet caused the most
24 damage to English Bay in the '64 earthquake, and as you
25 are quite aware we've just experienced another such

1 earthquake - they were not studied in depth at all.
2 Baseline studies on Lower Cook Inlet's ecosystem and the
3 food source system of the OCS impact thereon has not even
4 begun, it is scheduled to start in the summer of '77 and
5 end in 1980. Only limited studies are available on the
6 photoplankton, seaweed, shoreline and mudflat vegetation
7 of Lower Cook Inlet. These are very vital things in terms
8 of food sources for the villages.

9 *

10 And the aspects of salmon, no quantitative information on
11 the abundance or timing of the presence of salmon smolts
12 in the Inlet. The Dames and Moore Study analysis used
13 for the oil projection trajectory computer analysis = and
14 the only one submitted, excluded much of the Kachemak Bay
15 area - and there are other short instances as indicated on
16 page 553.

17 We feel therefore that at the very least the lease sale
18 should be delayed until these adequate studies are
19 completed. We feel that studies of the impact upon the
20 subsistence lifestyles of the native communities out there
21 are wholly inadequate.

22 The Impact Statement says "For the most part Alaska native
23 communities are sociologically relatively unknown, even
24 to Alaskan social scientists". And the Statement
25 again "The impact of the native subsistence activities

1 needs to be the object of further research.* The OCS
2 office only sent one representative on one occasion to
3 the villages of English Bay and Port Graham for a few
4 days. This individual was supposed to in terms of
5 field research, collect adequate data for an impact
6 statement. The need for more information on second-
7 ary social consequences such as suicide, crime, alcohol-
8 ism; the impact on English Bay and Borough schools educa-
9 tional systems were not adequately studied or discussed.
10 Subsistence economics and the consequences of loss of sub-
11 sistence foods not adequately studied or discussed again.

12 *

13 The Statement also points out on land use impacts at the
14 specific community levels are still not presently known.
15 It is not clear where the treatment facilities are going
16 to be located. Again, we would like to emphasize the
17 need for another Draft Statement when and if exploratory
18 phase is completed.

19 The withdrawal of sale alternative in the EIS is merely
20 listed and not rigorously discussed (this is page 1159).
21 Mere reference to a book published by the University of
22 Oklahoma "for more detailed information" is included.
23 A total of 7-sentences out of 1,166-pages in this document
24 is devoted to the alternative of a withdrawal of sale.
25 The Council on Environmental Quality Guidelines requires:

1 "a rigorous exploration and objective evaluation of the
2 environmental impacts of all feasible alternative actions,
3 including the alternative of taking no action".

4 And in terms of my personal research as I understand the
5 courts have upheld this belief.

6 *

7 As I have stated, English Bay is opposed to this lease
8 sale. However - and we do support the withdrawal of sale
9 alternative -however, there are certain realities in terms
10 of the present situation. We find it very difficult but
11 we could support the delay sale alternative if it is
12 guaranteed that the pending studies be completed before the
13 sale progresses. We can support the modification of
14 a sale to delete proposed tracts which would have the most
15 direct and disastrous impacts on English Bay. This is
16 alternative 'C' which would delete blocks No. 9 and 10 of
17 the proposed lease sale.

18 In the Impact Statement it states "an oil spill from blocks
19 surrounding point 9 could impact native villages within one
20 day" - (native villages meaning English Bay). If this
21 were to happen at the point indicated there is an eleven
22 percent probability for an oil impact upon the shore. The
23 effects would be to wipe out all the subsistence food
24 gathered along the shoreline. This would be a catastrophe
25 of major proportions to the native culture" (page 789).

1 catastrophe of major proportions, yes, but again in read-
2 ing the Impact Statement you will be hard-put to get a
3 feeling or an awareness that these are people that are
4 living out there, people that have lived there for several
5 hundred years and have developed this lifestyle and this
6 dependency on use of the land.

7 *

8 And again from the Impact Statement "if oil were to im-
9 pact this area the food supply would be virtually cut-off
10 for English Bay and Port Graham". We find that the
11 equipment for containing and cleaning up oil spills -
12 they refer to a 'boom' would be ineffective (as they point
13 out) and especially in high winds, waves and currents as
14 in the Cook Inlet area.

15 It is assumed from the Statement that over the 25-years
16 period that the wells would be going, over 413-thousand-
17 billion barrels of oil will be spilt (page 542) and that's
18 a certainty of spills from their own estimates from the
19 EIS office, the Lower Cook Inlet office.

20 We just don't think that this situation is a tolerable
21 one.

22 *

23 English Bay opposes the oil and lease sale; English Bay
24 finds this Draft Environmental Impact Statement wholly
25 inadequate. We feel that it papers-over the human and

1 cultural costs of the sale, purely in the support work.
2 It disregards an inherent right to protect cultural in-
3 tegrity to go on living in a traditional way on a sub-
4 sistence economy.

5 English Bay hopes that other native communities that are
6 involved in this will at least try to understand our
7 position and our stand and in their search and recognition
8 of that position we hope that we can find some friends.

9 *

10 English Bay will submit a more detailed written statement
11 prior to the deadline set.

12 Thank you!

13 JUDGE:

14 Very well. Are there any questions of Mr. Lyou?

15 MEMBER TRUESDELL:

16 We appreciate your detailed comments, it shows that you
17 have read the EIS and we will wait for your more detailed
18 comments. However, I'd like to correct one figure that
19 you used - it's 413-thousand barrels of oil (slip of the
20 decimal).

21 MR. LYOU:

22 Slip of the decimal yes, but in terms of the significance
23 of even that given the projections of your own study that
24 would be highly significant for the village of English Bay
25 if even that amount was spilt.

1 MEMBER TRUESDELL:

2 And this is not assuming that it would all be at one place
3 at one time over that 25-year period.

4 MEMBER GILL:

5 I'd like to ask you a question - simply, do you see any
6 benefits from the sale for the village?

7 MR. LYOU:

8 No, not for a village the size that it wants to maintain
9 its cultural heritage, its way of life, its subsistence
10 economy. I have not seen any way where those two oil
11 and such a belief are compatible.

12 MEMBER WHEELER:

13 Mr. Lyou, your statement and that of the preceding wit-
14 ness, Ms. Graves, I think raise some very serious issues
15 that we have an obligation to consider.

16 Obviously the impact upon native culture is one of the
17 things that has most concerned the Department about our
18 first efforts here in Alaska. It's not a new problem
19 because we've encountered those with respect to the
20 Native Claims Settlement Act as well. You have made
21 some rather general suggestions about coping with the - -
22 well, I really have two questions - one is that you're
23 talking about the need for specific stipulations to pre-
24 serve cultural integrity in English Bay and I assume that-
25 that course of action would apply to other native villages

1 would be impacted. I wonder if you could be specific
2 about those kinds of stipulations, how would you safe-
3 guard that cultural heritage?

4 MR. LYOU:

5 By NOT having a lease sale first of all.

6 MEMBER WHEELER:

7 You mentioned however (and this was the second part of my
8 question) that there were a number of alternatives while
9 though not entirely acceptable might be somewhat desirable
10 from the standpoint of the English Bay people, one of
11 which would be to modify the sale - maybe you could tell
12 us of your priority how we ought to approach the problem
13 from the standpoint of the issues you have raised.

14 MR. LYOU:

15 Look - - I was hoping to make the village's position very
16 clear. The village totally opposes the Lower Cook Inlet
17 lease sale.

18 MEMBER WHEELER:

19 Now and forever?

20 MR. LYOU:

21 As based on what information we have been given in this
22 Draft Environmental Impact Statement yes, we cannot
23 support this lease sale. However, we recognize that
24 there are many things that are not in our control - we
25 are faced with a situation where we are told that this

1 lease sale has been decided to happen then that naturally
2 changes the situation and as pointed out in this Statement
3 and as is expended upon and will be more specific and more
4 detailed in our written statement, will be pointed out
5 what is our course of action on the position the village
6 of English Bay feels it can take.

7 MEMBER WHEELER:

8 I don't mean to suggest that we are attempting to synthe-
9 size a position different from the one you have reported
10 but I do want to understand precisely what it is you are
11 suggesting. Alright, let's assume then from your
12 standpoint the worst case for reasons which you do not
13 agree the sale doesn't progress, do I understand you then
14 to say that (1): you recommend the deletion of tracts from
15 Blocks 9 and 10; and (2): that there ought to be specific
16 stipulations that would somehow preserve the cultural
17 integrity of the village, is that right?

18 MR. LYOU:

19 Well also part of that whole thing is that first of all
20 we believe that before it even reaches that point there
21 should not only be THIS Environmental Impact Statement
22 required but ANOTHER Environmental Impact Statement after
23 the exploratory phase has been completed.

24 MEMBER WHEELER:

25 That would be a Statement preliminary to production itself?

1 MR. LYOU:

2 Right.

3 MEMBER WHEELER:

4 But I do understand you correctly then to say you would
5 recommend the deletion of those specific tracts which you
6 feel would have the most direct impact?

7 MR. LYOU:

8 IF the lease sale has been decided on it is our hope that
9 at the very least that could be done, yes.

10 MEMBER WHEELER:

11 And that some kind of a stipulation be - - - I'm trying to
12 focus on the kinds of things you think we could do, assum-
13 ing a sale, that would protect the cultural integrity of
14 the village.

15 MR. LYOU:

16 ARE we assuming a sale then?

17 MEMBER WHEELER:

18 Well I said assuming for purposes of your own testimony
19 that there was some kind of a stipulation which would
20 mitigate the effects of the sale, what are those stipulations
21 what do you think could or ought to be done about this?

22 MR. LYOU:

23 Well like I said, in my presentation I thought I made that
24 clear and if not I can go over that again for you. Basic-
25 ally we feel there should not only one Draft Environmental

1 Impact Statement required but TWO. One not only for the
2 production phase but the exploratory phase.
3 Secondly, if the first point I made does not support this
4 Environmental Impact Statement as it stands, if the Lower
5 Cook Inlet sale proceeded, English Bay would THEN strongly
6 advocate the deletion of tracts 9 and 10 from that lease
7 sale - since as this Impact Statement points out that has
8 a quote (if I recall correctly) - it impacts the most re-
9 source category of the Lower Cook Inlet.

10 *

11 JUDGE:

12 Are there any other questions of Mr. Lyou? (NO RESPONSE).

13 Thank you very much Mr. Lyou.

14 I'd like to say that any written statements which any
15 person would like to file may be filed until September 10th.

16 (And Mr. Lyou, will you please write those names down
17 for the spellings that were mentioned before).

18 *

19 JUDGE:

20 Our next speaker is the Assistant Manager of the Offshore
21 Alaska Division of EXXON Company, Mr. W. J. Whaley.

22 MR. WHALEY:

23 Judge Cook and members of the hearing panel, my name is
24 William J. Whaley, I am Assistant Manager of the Offshore
25 Alaska Division of EXXON Company, whose address is 800 Bell

1 Road, Houston, Texas, 77001. My duties include re-
2 sponsibility for EXXON's exploration program for offshore
3 Alaska.

4 I welcome the opportunity to attend this hearing and to make
5 a brief statement on behalf of EXXON.

6 A thorough review of your Draft Environmental Impact State-
7 ment has been conducted by the Alaska Subarctic Offshore
8 Committee, representing some 26 energy-related companies.
9 EXXON is a member of this Committee and endorses the testi-
10 mony partially presented here today by its representatives
11 and to be completed in Homer on the 26th.

12 *

13 It is not my purpose to duplicate their testimony, but to
14 comment briefly on three matters EXXON feels are pertinent
15 to the proposed sale.

16 First, it is apparent there is considerable petroleum
17 industry interest in the Lower Cook Inlet, based on the
18 acreage nominated by sixteen companies for inclusion in
19 this sale. EXXON shares this interest and believes this
20 area to be prospective for petroleum. We therefore urge
21 that the Lower Cook Inlet lease sale be held without further
22 delay.

23 *

24 Second, EXXON has been a responsible corporate citizen of
25 Alaska since our geologists initiated exploration efforts

1 over twenty years ago. We will continue to cooperate
2 with appropriate Federal and State regulatory agencies
3 as well as local community organizations in an effort to
4 ensure our operations will be conducted in an environ-
5 mentally sound manner and will allow multiple usage of the
6 Lower Cook Inlet waters.

7 *

8 Third, it should be emphasized that our industry has the
9 demonstrated technology to safely conduct exploratory and
10 development operations in the Lower Cook Inlet. This has
11 been proven in the Upper Cook Inlet where petroleum oper-
12 ations are being successfully managed without undue
13 environmental problems.

14 *

15 To conclude, EXXON believes that the proposed Lower Cook
16 Inlet lease sale is a necessary component of the Interior
17 Department's overall plan to conduct regular OCS lease
18 sales. This effort toward energy self-sufficiency should
19 proceed without further delay.

20 Thank you!

21 JUDGE:

22 Any questions of Mr. Whaley?

23 MEMBER WHEELER:

24 Mr. Whaley, did you hear the testimony of the preceding
25 witness?

1 MR. WHALEY:

2 Partially (before the microphone went out).

3 MEMBER WHEELER:

4 I wonder if in light of your second point about EXXON's
5 responsibility to this community if you might have any
6 response to the people of English Bay - what assurances
7 can you or the group that form this committee represent in
8 making the claim that your operations represent a threat
9 to their cultural integrity, how might you mitigate those
10 threats?

11 MR. WHALEY:

12 Well the oil industry in general is happy to cooperate in
13 a responsible manner with any community that might be
14 impacted by our operations. Now it's going to be
15 difficult (and I'll be the first to admit that) to maintain
16 the integrity of a group that's going to be impacted to
17 some extent by development in an area. How pristine
18 and how pure you can keep a community if it is impacted by
19 various industries moving in there is going to require the
20 utmost cooperation between industry and that community.
21 I can't really give you a definite answer other than that
22 we will do our best to cooperate with them.

23 MEMBER WHEELER:

24 Has there been contact of this kind so far, to your
25 knowledge?

1 MR. WHALEY:

2 In the Cook Inlet?

3 MEMBER WHEELER:

4 Well with respect to the villages that have appeared thus-
5 far, the two expressly concerned that I'm thinking about
6 Port Graham and English Bay.

7 MR. WHALEY:

8 To my knowledge not to English Bay, not that I know of.
9 Our socio-economic group has visited quite a few com-
10 munities in Alaska in an attempt to answer these questions
11 in a give-and-take manner so that a greater understanding
12 can result from these discussions. But to answer your
13 question specifically I don't know that we've ever visited
14 English Bay or Port Graham, we have not.

15 MEMBER TRUESDELL:

16 Sir, in your corporate decision to locate in English Bay
17 versus somewhere else, would you cautiously take into
18 consideration the concerns of these people expressed here
19 today?

20 MR. WHALEY:

21 Very definitely! We wouldn't find it prudent to operate
22 in a hostile community (if you want to call it that) -
23 and if there were no other alternative available - of
24 course we'd try to work out some understanding or arrange-
25 ment but again, that's a difficult question to answer.

1 MEMBER FERRAND:

2 Mr. Whaley, in the experience of your company in the Upper
3 Cook Inlet have there been any instances where you have
4 worked out cooperative agreements or made special consider-
5 ations with the native communities along the shore in those
6 operations?

7 MR. WHALEY:

8 Mr. Ferrand, my company is not a lease-holder in the Upper
9 Cook Inlet - but I could defer that question to some
10 companies who are operating there today.

11 MEMBER GILL:

12 Mr. Whaley one thing for the record, do you have any idea
13 now where the impact, that is your shore facility would be
14 in an exploration and development program?

15 MR. WHALEY:

16 Not specifically Mr. Gill, that depends on what portion of
17 the Inlet we find - - the exploratory drilling finds
18 production. It's a little bit tough to say in advance
19 if it's on the west side or east side, you know, it's
20 somewhat fluid.

21 *

22 JUDGE:

23 Are there any other questions? (NO RESPONSE). Thank
24 you very much Mr. Whaley.

25 •

1 JUDGE:

2 our next listed speaker is Julia Park, representing the
3 Cook Inlet Native Association.

4 JULIA PARK:

5 My name is Julia Park - and first of all I'd like to
6 say that I am NOT a representative of the Cook Inlet
7 Native Association although I do work there, I am an
8 education coordinator. I did work for the Chugach Region
9 as Adult Education Regional Coordinator.

10 I just want to say that I find this set up very intimi-
11 dating. I am also very shocked and appalled at the ap-
12 parent disregard for the native cultural heritage. Every-
13 thing about this hearing and the EIS Statement is intimi-
14 dating and everything is set up to lend credence to what
15 is yet another case of Federal ripoff. A ripoff of
16 international corporations and the oil companies, they do
17 that to employ the bureaucrats and to line the pockets of
18 the rich.

19 Even to the point of a Judge - I don't know what kind of
20 authority he has, it seems to me he's just here to say
21 'do you have any other questions' and to announce a break
22 for lunch. And the fact that you are all sitting up on
23 a platform so we have to speak UP to you - all of that is
24 very intimidating and I question the intent of this
25 hearing!

1 We are being forced to participate in a very polite,
2 civilized manner which makes you think this is yet another
3 treaty with the natives because it's financially auspicious
4 to do that at this point.

5 There are so many things the EIS has at these hearings
6 that are non-human. Do each of you think that you are
7 not actively participating in the ripoff being perpetrated?
8 I think in many ways that this hearing is a joke, it's
9 already been decided that oil development will take place -
10 every person that has spoken there's a schedule here for
11 things that will happen.

12 I would like to know - - you are a lot of earnest looking
13 people and a lot of words pass around in this hearing - -
14 I would like to know what your processes are going to be
15 if you are responsive to the presentation made by English
16 Bay and Port Graham people. What is your process of
17 making a decision of whether the lease sale will go on or
18 not?

19 We've heard the oil companies speak and mostly what they
20 speak about is equipment and what kind of equipment they
21 are going to use. They have absolutely no concern - -
22 Mr. Silcox was speaking of pursuing the American priority
23 of increasing domestic reserves by depleting a culture, by
24 depleting a nonrenewable resource. He has no concept or
25 awareness that he is also participating in the destruction

1 of that culture. Part of the reason I feel so strongly
2 on this is that my grandmother was a Cherokee. I would
3 be happy to speak with any of you who are not familiar with
4 the past history of what has happened to the native
5 Americans.

6 *

7 That's the end of my statement! I would like to register
8 my opposition to the lease and to point out that while
9 you are all earnest and at least appear to come across
10 with words that you are listening to us, I would like to
11 ask you the question of the process you go through to make
12 a decision. Who do you report to, how much import is it
13 going to have what you do hear here from us?

14 MEMBER FERRAND:

15 Miss Park, I'd like to respond to your question about the
16 process we go through but before that I'd like to mention
17 that this sale schedule that has been referred here to
18 today is a tentative proposed lease sale schedule. Each
19 individual sale goes through an entire process of its own
20 and is the subject of an individual decision. With re-
21 spect to the process of that decision itself it is a very
22 lengthy process - - and without going back to the beginning
23 where this process begins, this decision process begins
24 - let's kind of take it from where we are.
25 The Bureau of Land Management has published, as you know,

1 a Draft Environmental Impact Statement such as this here -

2 MISS PARK:

3 - - which also people have pointed out is inadequate and
4 incomplete.

5 MEMBER FERRAND:

6 That's the reason we hold these hearings to find out where
7 it is inadequate and what needs to be improved or updated.
8 As the result of the comments here and as the result of
9 the written comments we receive and the results of our own
10 internal review we produce another document, the Final
11 Environmental Impact Statement - which might take six
12 months to produce after this - more studies may be re-
13 quired, changes made as the result of the comments.
14 After that is finished and before any decision can be
15 reached by law, we must consider thoroughly as the so-
16 called decision makers in Washington present the Secretary's
17 final decision as people who give advice on that decision.

18 *

19 You have to consider the effects in accordance with the
20 Environmental Policy Act - and you also have to prepare
21 for the Secretary a document in addition to this one,
22 which clearly outlines all the options , including the
23 option not to lease. We go through a period of time
24 after publication after the final EIS in which we accept
25 comments from the public in addition to the ones we

1 receive at these hearings. The decision of the
2 Secretary is made in the open, it's made with benefit of
3 that comment, and as I mentioned earlier this morning I
4 think each of the recent sales has been significantly
5 altered as the result of the comments we have received.

6 MISS PARK:

7 Have you ever stopped any of the sales?

8 MEMBER FERRAND:

9 None of the recent three that I'm referring to have been
10 stopped. They were significantly delayed and they were
11 significantly diminished in scope and size.

12 MISS PARK:

13 And also that seems to be the position of the people at
14 English Bay that have spoken here, that they do not wish
15 that to happen and they are the people that are being
16 directly impacted - and they wish not to have the lease
17 sale. That particular process I don't particularly
18 want to know the rigamarole around that, I would like to
19 know if each of you are responsible - can you give us
20 assurance that you are indeed hearing us - as you are
21 looking around the room and these people here, is any of
22 this making an impact on you as these people are speaking?

23 MEMBER FERRAND:

24 I can assure you that it is.

25 *

1 MEMBER GILL:

2 I might point out that there are other villages and other
3 people in the United States that are also being impacted
4 in various ways, not JUST the community down at English
5 Bay and Port Graham - there are many other people involved
6 in this, not just those two, and they are all being taken
7 into account, the people here in Anchorage - not just those
8 two, they will all be taken into consideration.
9 So it isn't just one small group that is going to be
10 given some consideration at the expense of all the others -
11 we're trying to look at it from a balanced position.
12 Don't you think that would be the fair way to do it?

13 MISS PARK:

14 I don't understand what you mean.

15 MEMBER GILL:

16 Well you're speaking that the impact will be on those
17 people there, which we agree, but it will also impact on
18 Anchorage and on the State of Alaska if there is or is not
19 OCS leasing - we're trying to look at it from all angles.

20 MISS PARK:

21 Why don't you explore that - -

22 MEMBER GILL:

23 - - that's what we're trying to do.

24 MISS PARK:

25 If there is not going to be a lease sale what will happen
to that data?

1 MEMBER GILL:

2 It will go in the final impact statement, that's a part
3 of it. As Mr. Ferrand said before it goes to the
4 Secretary he will be presented with a no lease situation.
5 But there is an impact - there is a definite impact in a
6 no lease situation. It will all be dealt with.
7 What I'm saying is we're trying to look at it from a
8 broader perspective you know, than just maybe one village,
9 two villages or even three villages - and we realize that
10 we must very definitely concern ourselves with those
11 people.

12 MISS PARK:

13 But one think you must keep in mind is that there is a
14 very long history of the railroad coming across to the
15 west and it being treaty time with the Indians - because
16 the robber barrons, those people needed to have a way of
17 exploiting the resources of the country and they thought
18 absolutely nothing about taking the native Americans lands-
19 this is not that divorced from that process.

20 *

21 JUDGE:

22 Thank you. Our next speaker is the Vice President of
23 Gas Supply, Southern California Gas Company, Mr. William
24 L. Cole.

25 *

1 MR. COLE:

2 Gentlemen, my name is William Cole, I am Vice President
3 Gas Supply Southern California Gas Company. I am appear-
4 ing here not only on behalf of the Southern California
5 Gas Company but also on behalf of the Pacific-Alaska L&G
6 Company.

7 I would like to file a written statement with the reporter
8 at the conclusion of my oral presentation. Attached to
9 that written statement are rather detailed specific comments
10 on your Draft EIS. In my oral presentation I would like
11 to hit some of the high-spots in the written presentation.

12 *

13 You have been hearing a great deal today about oil - as
14 you might expect, I would like to focus on the natural gas
15 aspects of the proposed sale. As you know, it is
16 estimated in the Draft EIS that there are between 600-
17 billion and upwards to 3.3 trillion cubic feet of gas re-
18 sources that might be expected to be found and discovered
19 in the lease areas that we're talking about.

20 Today I would like to make two primary points, leave two
21 primary points with you if I may. First, the Lower
22 Cook Inlet gas is vitally needed in the Lower 48 and cer-
23 tainly in California. Secondly, there are ways through
24 liquified natural gas to transport that gas to the Lower
25 48 market - and I can assure you gentlemen that if

1 substantial reserves are found in the Lower Cook Inlet
2 area there are those (including ourselves) that will work
3 very hard to either put new projects together to move at
4 least a portion of that gas to the Lower 48 or to extend
5 the existing project.

6 *

7 Now, our Southern California Gas Company is a public
8 utility gas distribution company in southern California;
9 we serve in excess of 3.4 million customers. In point of
10 number of customers we are the largest gas distribution
11 company in California - in the United States.
12 Pacific-Alaska L&G Company, an affiliate, is presently
13 engaged in putting together a liquified natural gas
14 project that would move natural gas from the Cook Inlet
15 area to California. We already have committed for the
16 building of L&G ships/tankers; we have acquired sites, we
17 have purchased gas, we have spent a considerable amount
18 of engineering work and we are presently appearing before
19 the Federal Power Commission looking towards certificating
20 that project and moving Cook Inlet gas to the south.
21 That gas will be sold not only to Southern California Gas
22 Company but also to the Pacific Gas and Electric Company,
23 a utility of gas and electric utilities serving Northern
24 and Central California with gas customers exceeding
25 2.5 million in number.

1 Both ourselves and Pacific Gas and Electric Company in
2 effect, either at retail or at wholesale, serve most of
3 the gas consumers in the State of California.

4 *

5 California relies very heavily on natural gas for their
6 energy needs. For example: in southern California alone
7 over fifty percent of the nontransportation energy needs
8 of that area are met with natural gas. Over ninety-
9 five percent of the water heating in the homes are served
10 by natural gas. Ninety-two percent of the homes are
11 heated by natural gas and over seventy-five percent of the
12 homes in southern California use natural gas for cooking
13 purposes. So you can see we are heavily dependent upon
14 this particular source of energy.

15 Further, at the present time we do not have viable alter-
16 natives in California. Coal has never played a major
17 role in our energy input. We do not have heating oil
18 distribution systems in California so heating oil is not
19 a major source of alternative energy.

20 And further, with respect to electricity, there simply is
21 not the generating capability in California nor do we see
22 it on the near-term horizon that could possibly pickup the
23 short-fall that we're looking at by way of lack of natural
24 gas.

25 *

1 Turning now to the supply situation - as with the rest of
2 the nation (and I'm sure you gentlemen are well familiar
3 with this) - our supply situation in California is dropping
4 off dramatically. Take again southern California - with
5 which I am most familiar - since 1968 we have had local pro-
6 duction in southern California, has dropped from 600-million
7 cubic feet a day to less than 100-million cubic feet a day
8 since 1968. Both of our two major interstate pipeline
9 company suppliers are in curtailment, substantial curtail-
10 ment. If you will look at the Federal Power Commission
11 reports that are just coming out now you will see that
12 California is listed as one of the prime areas where there
13 is substantial curtailment throughout the country.
14 If you take both the reduction in our local production in
15 southern California and the amount of curtailment that we
16 are presently experiencing by our two pipeline suppliers,
17 we are deficient, we are below (if you will) the levels we
18 were at in 1968 and 1970 by about one-billion cubic feet
19 per day in southern California alone. The problem is
20 massive and it is extremely serious.

21 *

22 The forecasts are for continued deterioration in supplies
23 from our traditional areas. The one billion cubic foot
24 figure that I just mentioned is going to grow, the curtail-
25 ment is going to grow, certainly in the near term that we

1 can turn the situation around. We DO have supply pro-
2 jects under way - not only the Cook Inlet L&G project that
3 I mentioned to you but others.

4 But gentlemen, we will need Lower Cook Inlet gas if that
5 is found, irrespective of the other supply projects that we
6 will bring in. Our problem in southern California is
7 simply a very massive one and a very serious one.

8 *

9 Let me conclude by saying that we would urge you to con-
10 sider that supply problem in the Lower 48 and certainly in
11 California, in your deliberations on this Lower Cook Inlet
12 sale.

13 Thank you very much for the opportunity of
14 bringing this material to you.

15 *

16 JUDGE:

17 Are there any questions of Mr. Cole?

18 MEMBER FERRAND:

19 Mr. Cole, I have one question. In the event that the
20 present proposal to transport liquified natural gas from
21 the North Slope to the west coast and Lower 48 is not
22 successful, does not materialize, is it economically
23 feasible to develop L&G proposal of your own, based on
24 reserves of the Lower Cook Inlet?

25 *

1 MR. COLE:

2 I want to be sure I got the first part of your question

3 Mr. Ferrand - -

4 MEMBER FERRAND:

5 - - assuming the so-called El Paso does not succeed, is
6 that feasible then?

7 MR. COLE:

8 Yes, the answer to your question is 'yes' and I want to be
9 sure you understand something that I mentioned in my oral
10 presentation. The L&G proposal that I mentioned is com-
11 pletely divorced and separate - this is a proposal that
12 involves Cook Inlet production in Upper Cook Inlet that we
13 are going ahead with. We have gas contracts, we do not
14 have all the supply we need as yet, we are still attempting
15 to get it, we may need Lower Cook Inlet supply to support
16 that project. There is no question in our mind that-
17 that is both economically and engineeringly viable to move
18 that project. That is now being tested before the
19 Federal Power Commission. If there is a Lower Cook
20 Inlet sale and if there are gas resources discovered in the
21 Lower Cook Inlet there's no question in our mind that
22 (1) that can move in the form of L&G to the Lower 48, and
23 that it will be economically viable to do so, either as a
24 separate project or as an extension of for example our
25 Upper Cook Inlet project.

1 JUDGE:

2 Are there any other questions? (NO RESPONSE). Thank
3 you Mr. Cole.

4 Because of certain issues which have been raised concern-
5 ing the English Bay area Mr. Meyer of the Alaska Subarctic
6 Offshore Committee would like to respond to some of the
7 questions - and he has asked for two minutes time.
8 So at this time we will give it to Mr. Meyer.

9 MR. MEYER:

10 Thank you Judge Cook. I realize that this is unusual
11 but I thought that because the representatives from
12 English Bay are here that if we could give them some re-
13 sponse it might be appreciated by them.

14 A check with a number of the companies that are represented
15 at this hearing reveals that the chances are extremely
16 doubtful that during the exploration phase there would be
17 any attempt made to use onshore facilities at English Bay.
18 There are other desirable sites contemplated which could
19 be used. As far as the development phase is concerned
20 it is again doubtful because there are other more de-
21 sirable sites for the onshore bases.

22 I might add in this connection that if as I understand it
23 the native corporation owns the property down on the shore
24 at the settlement of English Bay then of course they will
25 be their own boss, they will be able to determine by

1 directing the corporation's use of its own land as to what
2 use will be made of the facilities.

3 But in any event in the exploration phase it is extremely
4 doubtful and in the development it is also doubtful that
5 any use would be made of the onshore facilities at English
6 Bay.

7 Thank you!

8 *

9 MEMBER FERRAND:

10 I have one question. Is there any way, having made such
11 a commitment to English Bay at least until the exploration
12 period, that you could expand whereby by some process of
13 elimination develop a list of the communities which would
14 be unlikely to be affected by this proposed lease sale?
15 I think that might be helpful to some of the others who
16 weren't able to be here today.

17 MR. MEYER:

18 That might be - - we have certain legal constraints in
19 situations of this type Mr. Ferrand. I imagine there is
20 a liason task force representing the Gulf of Alaska
21 Operators Committee which functions as a part of this
22 committee, that attempts to meet with the various villages.
23 I know they've been to Yakutat, they've been to Homer, to
24 Juneau and almost anywhere you can think. I would think
25 that any village that is interested in getting some sort

1 of an appraisal of their chances of their particular
2 locality being utilized they might contact the Alaska Sub-
3 arctic Offshore Committee and I'm sure the Committee's Task
4 Force group will be glad to attempt to evaluate their
5 chances. Is this right?

6 MR. VISSER:

7 I think that would be very useful - I hope the respective
8 villages that are onshore know where to contact the
9 Committee.

10 MR. MEYER:

11 Well the group has met innumerable times with many of the
12 villages - and we realize this is unusual but we would like
13 to be able to inform the English Bay people at this time
14 what you think of the chances.

15 MEMBER WHEELER:

16 Two additional questions: do those same assurances pertain
17 to Port Graham as well?

18 MR. MEYER::

19 Well we haven't gotten there, I have no information on
20 that.

21 MR. VISSER:

22 Same thing.

23 **FROM AUDIENCE:

24 What about Seldovia?

25 *

1 MEMBER WHEELER:

2 Well rather than go over several different villages I think
3 your suggestion is well taken that the individual groups
4 might approach the Committee and inquire as to the status
5 of their village.

6 My second question I'd like to ask and I'd like to have
7 your reaction to this - a suggestion has been made that
8 indirect impact could be avoided in the case of English
9 Bay people by the deletion of certain tracts which are
10 most proximate to English Bay, and based upon studies and
11 trajectories in terms of what is the greatest risk in terms
12 of onshore pollutants. Does the industry regard that as
13 a possibility, how does the industry react to the sugges-
14 tion that some of those tracts might be deleted for that
15 purpose?

16 MR. MEYER:

17 Well I think the industry feels generally Mr. Wheeler, that
18 the operation is going to be conducted in such a manner
19 that we would not think it necessary.

20 We also understand however that during the environmental
21 evaluation that goes on within the Department that consider-
22 ations are given to exactly this type of thing, not only
23 from oil spill impact but from many other aspects. We
24 think in the final analysis this is your function under the
25 National Environmental Policy Act. Our reply would have

1 to be that any tract we nominated for leasing that we could
2 operate out there safely - and I think we firmly believe
3 that.

4 MEMBER WHEELER:

5 You've never told us otherwise!

6 MR. MEYER:

7 That's right - we have been fairly consistent on that
8 Phase.

9 *

10 JUDGE:

11 Any other questions? (NO RESPONSE).

12 MR. MEYER:

13 Thank you gentlemen.

14 JUDGE:

15 Our next speaker is Mr. Peter Ring who is from the Division
16 of Resources, University of Alaska, Criminal Justice
17 Center.

18 MR. RING:

19 Judge Cook, members of the panel, I am Director of Research
20 and Associate Professor of Justice with the Criminal
21 Justice Center, University of Alaska, Anchorage.

22 My purpose in testifying today is to raise the issue of
23 whether or not the Draft EIS for the proposed Lower Cook
24 Inlet lease sale adequately addresses the issue of probable
25 impact on the people of the area, with particular emphasis

1 on the inadequacies of the Draft as it addresses probable
2 impact on crime and the administration of justice.

3 I am not in a position to judge the qualitative merits of
4 the Draft when it addresses subjects such as the probable
5 impact of marine biotic resources - I can only observe
6 that quantitatively these subjects receive far more atten-
7 tion in the draft than do those involving people en masse.
8 And perhaps this is because the probably impacts on the
9 physical environment are more predictable - I would hope
10 that it does not reflect the judgment that people are less
11 important than fish, wild life, water or air.

12 *

13 My remarks are based on the premise that people and the
14 socio-economic environment within which they live are as
15 fragile and as susceptible to irreparable damage as our
16 other environments. Further, I hypothesize that we know
17 even less, inherently and intuitively about probably ad-
18 verse impacts on the former environment than we do about
19 similar impacts on the latter environments. Consequently
20 it seems imperative that in the absence of additional in-
21 formation related to socio-economic impact we move cautious-
22 ly in making decisions with respect to this lease sale until
23 we are fore-armed with strategies for protecting the
24 quality of life in the effected areas.

25 *

1 Let me review with you what the Draft does say about
2 crime and the administration of justice. Data on exist-
3 ing population figures is important to any consideration
4 of crime, for reasons which I believe need no further
5 explanation. The population figure contained in Table
6 248 on page 365 of the Draft generally coincides with
7 those I have gathered from alternative sources in the course
8 of my research in one uses figures (for towns such as
9 Kenai).

10 Commencing on page 365 of the Draft there is a discussion
11 of the existing public safety infra-structures in the
12 areas of probably impact. On pages 365 and 368 we are
13 provided with some data on the human resources available
14 to public safety agencies located in the areas of
15 impact. Beyond simply telling us how many people are
16 employed by the various agencies the Draft tells us
17 nothing. One may reasonably ask the following questions:
18 Are existing public safety resources adequate to meet the
19 existing levels of demand placed on them? Have those
20 agencies which provide for public safety been able to
21 hire and retain personnel in sufficient numbers in recent
22 years? What are public safety personnel paid and is
23 the amount sufficient to compete with alternative employ-
24 ment opportunities which may arise as the result of the
25 proposed lease sale?

1 Do public safety agencies in the areas of probable im-
2 pact have sufficient equipment and facilities to deal with
3 existing service demands?

4 The failure of the Draft to address these issues creates
5 problems in assessing probable impact on public safety
6 from OCS development in the Lower Cook Inlet Region.
7 Thus, it is not surprising that subsequent sections of the
8 Draft EIS fail to treat these impacts in any satisfactory
9 fashion.

10 Table 255 on page 367 and Table 257 on page 369 provide
11 an extremely incomplete picture of criminal activities
12 experienced in the areas of probable impact in recent
13 years. Both tables present data on only the more serious
14 forms of crime - in this respect they are totally mislead-
15 ing as indicators of workload of the agencies to which the
16 data are attributed.

17 *

18 Beyond these serious deficiencies the data is incomplete;
19 data is missing for 37% of the items covered in Table 255;
20 we are not told what area is covered by the data in that
21 table, what the population of the area was or is or why
22 the data is missing in some cases. We are simply
23 provided with a note which suggests that the increases in
24 the figures may be more a reflection of better reporting
25 or better police work than of actual increases in crime.

1 The data contained in Table 257 is somewhat more satis-
2 factory. Once again however, I should point out that
3 it likely reflects only a small portion of the workload
4 of the Homer Police Department. In any event it
5 portrays a significant increase in the level of reported
6 crime in that community over the past five years.

7 *

8 Then what is really unfortunate however is that the Draft
9 virtually ignores the opportunities that previous oil and
10 gas development on the Kenai presents in terms of provid-
11 ing a more accurate assessment of the probable impact of
12 this proposed lease sale on crime and the administration
13 of justice that is contained in the Draft.

14 There is but a passing reference on page 365 to a decline
15 in incidents of violence in crime after, and I quote,
16 'peak construction population dispersed'. If that in-
17 formation was available to support this statement then
18 surely there was information available on the dimensions
19 of the peak, how fast it developed, what it meant for the
20 justice system and the people in the area affected.
21 Failure to present this data constitutes a serious short-
22 coming in the Draft.

23 *

24 Now turning away from a discussion of crime as we
25 commonly define it for a moment - although I shall return

1 to it further, I would like to point out a number of
2 additional shortcomings in the Draft as they relate to
3 public safety issues.

4 On page 365 of the Draft there is a brief discussion of
5 education - some effort clearly was made to develop data
6 on school-age children. The Draft is deficient in its
7 failure to address the likely impact that increases in
8 school-age children with population, on delinquency,
9 children in need of supervision and dependency (which
10 includes child abuse and neglect) - commonly recognized
11 indicators of the degree to which social disorder exists
12 within a community.

13 On page 358 of the Draft data is provided on health care
14 but only in the most general of terms. Beyond data in
15 Table 252 on page 360 it indicates a dramatic increase in
16 emergency room utilization in Homer in recent years;
17 virtually nothing is said about the frequency of emergency
18 medical treatment required as the result of criminal acts,
19 highway accidents, etc. or the degree to which existing
20 medical facilities on the Kenai Peninsula are currently
21 able to deal with these types of problems.

22 *

23 And finally, while the Draft does devote some attention
24 to the highway systems in the areas of probable impact it
25 fails to present any data on existing accident rates on

1 those highways or on the amount of enforcement activity
2 required from public safety agencies in those areas.

3 *

4 In sum, as was suggested in connection with the data on
5 public safety agencies and on crime, the failure of the
6 Draft to discuss these issues results in the failure of
7 the Draft to provide a meaningful assessment of probable
8 impact in these areas should the lease sale proceed as
9 scheduled.

10 Returning to the discussion of crime in the administration
11 of justice, one of the most serious shortcomings of the
12 Draft is the fact that it totally ignores much of the
13 remainder of the justice system, criminal or civil.

14 In this respect the Draft reflects the common misconception
15 that crime can be dealt with simply by assessing the needs
16 of the police. Such is not the case however! The
17 system of criminal justice as we know it today involves
18 far more than police departments. Solutions of crime
19 require that considerations be given to corrections, the
20 courts, the legal profession among others - yet these
21 components of the criminal justice system are ignored in
22 the Draft.

23 In order to even begin to assess probable impact on crime
24 in the administration of justice one must have available
25 information such as the following:

1 How many judges are available and where are they located?
2 What is the current case-load of the court system? Who
3 provides representation for the accused, where are they
4 located and what are their case-loads? Who represents
5 the people of the State of Alaska in criminal prosecutions,
6 where is that individual located; what staff is available
7 to him and what is his workload? What facilities are
8 available for the detention of individuals accused of
9 criminal acts, what is their capacity, where are they
10 located in relation to other justice activity centers?
11 What resources support them? What resources are avail-
12 able for providing supervision of those convicted of crimes,
13 where are they located and what are their case-loads?

14 *

15 With the exception of a brief discussion of jail facilities
16 and the fact that they are inadequate to meet the existing
17 needs, the Draft is silent on these basic issues. Little
18 wonder then that the Draft is unable to provide anything
19 beyond the grossest of statements as to the probable impact
20 of the proposed OCS development on crime and the administra-
21 tion of justice.

22 I do not stand here with answers to these questions - but I
23 will state however that answers are possible. Data is
24 available, techniques for projecting these types of impact
25 are available. The failure of the Draft to employ them

1 is somewhat mystifying. While I do not feel that I am
2 obliged to remedy the shortcomings of the Draft I will
3 point out that within the areas of most likely impact
4 associated with OSC development in the Lower Cook Inlet
5 region, the resources of the criminal justice system are
6 few, far between, and in most instances already overworked.

7 *

8 I do not feel compelled to draw any conclusions from these
9 facts, they appear self-evident to me. I might be able
10 to comprehend reasons behind some of the shortcomings in
11 the Draft in the areas of crime and the administration of
12 justice if we were dealing with virgin territory in the
13 fields of research- - however, such is not the case.

14 A recently released analysis of the impact of the con-
15 struction of the Trans Alaska Pipeline on the administra-
16 tion of criminal justice in Alaska (funded by the Federal
17 Government) adds much to the useful resolutions to some
18 of the questions I have raised but are not answered.
19 This document in excess of 250-pages in length, contains
20 a wealth of useful information. Descriptions of method-
21 ologies used, problems with data analysis, as well as a
22 number of significant conclusions. Yet no where in the
23 Draft EIS we are considering today is this report, paid
24 for by the Federal Government, mentioned.

25 This report outlines the serious burdens placed on public

1 safety and the administration of justice by the pipeline
2 project and predicts continued impacts which must be met
3 by the public authority.

4 Unlike the Impact Statement we are considering today, it
5 properly considers impact on the State as a whole, as well
6 as regional impact. It concludes that more resources
7 will be required to deal with pipeline impact across all
8 components of the criminal justice system.

9 It is ominously significant in that it predicts these
10 burdens without reference to the further impact from this
11 lease sale or others already held or contemplated on the
12 outer continental shelf.

13 *

14 Crime problems cannot be considered in the confines of
15 narrow locality alone nor can the demands for justice
16 services, particularly in Alaska. Alaska has the most
17 highly centralized system of criminal justice in the
18 nation. The State, not local units of government, is
19 primarily responsible for providing prosecution as well
20 as defense services. The State is responsible for pro-
21 viding correction services, including probation, parole and
22 juvenile services. The State supports a unified court
23 system. In short, the burden on these services in-
24 creases anywhere in the State then it directly affects
25 the State and its citizens as a whole. If more State

1 troopers are needed in the absence of additional re-
2 sources then they must be diverted from some other area
3 of the State. The same holds true for judges, district
4 attorneys, public defenders, probation officers etc.
5 Where those burdens are great supplemental services must
6 be added under municipal authority - that have little or
7 no institutional base today - such as municipal prose-
8 cutors, newly expanded and professionalized police
9 departments.

10 * * JUDGE:

11 Mr. Ring, you have one minute to go.

12 MR. RING(continuing):

13 The Draft when it does address impact does so only in the
14 most grossest of statements, pages 786, 817, 823 and 824 -
15 it says that everything is likely to increase, that the
16 natives will be hit the hardest and that cost of criminal
17 justice will increase dramatically. We are told nothing
18 about the parameters, whether or not they are affordable,
19 whether or not they will occur at levels that are accept-
20 able or unacceptable. I think that crime has to be
21 addressed, it is of paramount concern to all Americans -
22 people are concerned about their personal safety. When
23 workers come to an area that they perceive is unsafe will
24 development take place, will Alaska be able to establish
25 a harmonious and long-lasting population base if people

1 perceive Alaska to be a State in which they must fear for
2 their personal safety and their property.

3 I believe in recent news stories in national newspapers
4 about the influence of organized crime it has given us
5 some idea of what is likely to happen.

6 *

7 In closing I would simply say that as long as these issues
8 are ignored in the Draft EIS and by the government there
9 is little reason for optimism. Law enforcement, crime
10 and justice factors must be entered into the equations
11 of this decision making. Only then in my view will it
12 be possible to make a truly informed decision as to how
13 to proceed with this proposed lease sale - giving due
14 consideration to strategies for avoiding destructive and
15 burdensome impacts on new and old residents alike.

16 I thank you for your attention!

17 *

18 JUDGE:

19 Mr. Ring, you may of course file your statement with the
20 remainder of your remarks. Are there any questions
21 of Mr. Ring?

22 MEMBER FERRAND:

23 Are many of the data that you mentioned and that were not
24 included in this Draft Statement available through the
25 Criminal Justice Center at the University of Alaska, and

1 if so would the Center be able to provide the Alaska OCS
2 office with some of that data, pertinent data which you
3 believe should be included in the final paper?

4 MR. RING:

5 We have some, it's not as up to date as the data from the
6 agencies that are directly involved. It strikes me that
7 rather than asking us as a secondary source it would be
8 more appropriate for the OCS office here to deal directly
9 with the State Troopers, with the Department of Law, with
10 the Public Safety agency, the Public Defender Agency - they
11 are all here in Anchorage - they all have headquarters here
12 and the data is available from them. It's not like
13 you've got to travel two or three hundred miles to get it.

14 MEMBER FERRAND:

15 I think one of our problems is that it's very difficult for
16 an agency say like the BLM who is not used to dealing in
17 those kinds of issues to be able to synthesize raw data
18 such as you've described. What I'm suggesting is that
19 maybe the Center itself might help us in synthesizing,
20 making useful for public consumption such material.

21 MR. RING:

22 Certainly I have no objections to that although before I
23 said anything about the data of those agencies I'd have to
24 check with them myself - I'm not going to interpret data
25 for them. That's their responsibility but I'll certainly

1 glad to help the staff at OCS as I have in the past in
2 drawing conclusions from data which the agencies believe
3 to be accurate.

4 *

5 JUDGE:

6 Thank you very much Mr. Ring. In view of the hour,
7 it's approximately 12:30, we'll suspend for lunch until
8 2:00 P.M.

9 LUNCH

10 BREAK

11 HERE.

12 *

13 JUDGE:

14 The hearing will come to order. Before we proceed to
15 our next witness I might mention that during the luncheon
16 recess we received information that there are laws in this
17 community which prohibit smoking in a public meeting room
18 and therefore we have removed the ash trays. I would
19 ask you to abide by these regulations please!

20 *

21 Our next witness is a representative of Sea Airmotive, Inc.,
22 Mr. Ward I. Gay.

23 MR. GAY:

24 Gentlemen, before I read what I have written here I think
25 I should tell you a little of my background-history here

1 in Alaska. I fished commercially for four years, two years
2 in Bristol Bay in sail boats and two years in the Inlet.
3 I learned to fly out at Merrill Field in '39 and '40 and
4 I've spent many years taking people hunting and fishing.
5 I have held a guide license in Alaska for 37-years.
6 I now operate a flying service, Sea Airmotive.

7 *

8 Many of the citizens of Alaska are getting concerned about
9 our renewable resources and it seems we are prone to put
10 the blame on other related businesses instead of looking
11 at the real reasons for the depletion. The only sound
12 reason for not wanting oil platforms in the Lower Inlet is
13 the possible harm it could cause to the sea life that ex-
14 ists there. Our salmon runs are in jeopardy now but in
15 no way can we blame it on the platforms.

16 A delegation of Japanese were here in the first part of
17 August trying to get permission to fish closer than the
18 200-miles from Alaskan shores when the new law goes into
19 effect next year. They admit it would knock them out
20 of forty percent of the fish they catch. If they admit
21 this much I wonder how much they really do catch along our
22 shores. Also, the Russians and the Koreans are fishing
23 our shores, to say nothing of the fact that we have four
24 main predators, the beluga whale, the sea lion, the hair
25 seal and the fur seal - all of them eat salmon, crabs and

1 shrimp that our fisheries depend on for food for people.
2 It is a known fact that there are enough of these four
3 predators along the Alaskan coast today to eat more
4 salmon in one day than the Alaskan fishermen catch in a
5 whole year, and these predators are protected by the
6 Federal Government. Our new hatcheries we are build-
7 ing cannot produce enough fingerlings to feed the pre-
8 dators - and they are increasing.

9 *

10 The oil companies are responsible for their mistakes which
11 have been few in Alaska but definitely detrimental to the
12 environment but none that I know of have harmed our
13 fisheries.

14 Our nation needs oil - we are making other countries rich
15 by purchasing it abroad when we could be putting our own
16 people to work producing it here. We know that the use
17 of our resources is not foolproof and that we must be care-
18 ful and intelligently regulate the uses. What are we
19 doing when we tie up our lands and water with regulations
20 to the extent that any product derived from them becomes
21 so costly to the consumer that it is cheaper to buy it
22 from a foreign country.

23 If we continue to stop progress with regulations I fear we
24 will have people starving in a land of plenty. We made
25 a mistake when we tied up all the fertile lands in Alaska

1 suitable for agriculture where people could settle and
2 make a living. We made a mistake when we let a few
3 unknowledgeable people pass a law protecting the pre-
4 datory sea animals that eat the same foods we do. We
5 made a mistake when we let them protect the wolves, now
6 our moose and caribou are nearly gone. We made a mis-
7 take when we cancelled the Kachemak Bay oil leases - now
8 a State that is nearly broke must dig up 25-million dollars
9 refund and face the possible lawsuit. We made a mistake
10 when we let environmentalism delay the pipeline four years
11 and tripled its cost, but also doubled the consumers' cost
12 of gasoline. We have probably made the largest single
13 contribution to the national inflation we are enjoying
14 today - - that does nobody any good except the government
15 that collects more taxes and hires more people to do more
16 regulating.

17 The wages of the skilled working man have doubled in the
18 last five years but are they any better off? The cost
19 of food, working equipment has also doubled. They are
20 paying the Unions a large percentage for future retirement,
21 free medical and dental attention - but how many of them
22 will stay here for twenty years or more and retire here to
23 be eligible for these goodies they are paying for? Of
24 course, the ones that don't want to work will get a better
25 break because with the increase of taxes the government

1 will have more money for its give-away programs.

2 *

3 The only way I see to help the working man is to stop in-
4 flation. To do this we must increase industry. Why
5 are we always shooting at the big corporations, they are
6 what has made America great. Our crude oil products
7 are produced by the large corporations and gasoline costs
8 the American public one-half of what it costs the
9 European people.

10 I could talk all day about the large corporations that have
11 built America - given the chance and properly regulated they
12 will continue to build America, break them up and our whole
13 economy will collapse.

14 *

15 There is no reason for any person to be out of work in the
16 U.S.A. today - and there is also no reason to give anybody
17 anything for nothing. I have spent the entire last forty-
18 two years of my life here in Alaska and would hate more than
19 any one to see any of it destroyed. I have seen the
20 population more than double here and the land is still the
21 same. The only partial destruction I have seen has been
22 through mismanagement. Proper management can reap the
23 benefits from this land and perpetuate it for many gener-
24 ations of the future.

25 Thank you!

1 JUDGE:

2 Thank you very much Mr. Gay. Are there any questions?

3 (NO RESPONSE).

4 Our next speaker is a representative of the Alaska Workers
5 Alliance, Michelle Robert. Is Michelle Robert here?

6 (NO RESPONSE). We'll see if she shows up later and
7 she can speak at the end of the program.

8 The next person listed on the program stated that he
9 would like to submit a written statement and that is Mr.
10 Sam McDowell of the Izaak Walton League -so he will present
11 a written statement.

12 Our next speaker listed then is a representative of the
13 Cook Inlet Native Association, Suzanne Dillon.

14 MS. DILLON:

15 I am Suzanne Dillon - I am not here representing the Cook
16 Inlet Native Association although I work there.

17 Prior to my employment with Cook Inlet Native Association
18 I worked at the North Pacific Rim Native Corporation which
19 is a nonprofit arm of the Chugiak region where Port Graham
20 and English Bay are located. Having been employed there
21 I was able to travel to both villages and get to know the
22 people. Your visits to English Bay and Port Graham
23 (if any of you people have been there) are most commendable
24 but I don't think a visit of one, two, or even three days
25 can give you the authority or the knowledge of these people.

1 you just have no conception of how they live.

2 The family unity they share and the solitude of their
3 existence is most important to them. These things are
4 their right and I think they should be allowed to continue
5 living the way they choose to.

6 People are one of my main concerns and I feel that the
7 peoples voice needs to be heard - in which case we have
8 heard the people of English Bay today. You need to be
9 sympathetic and respond accordingly.

10 *

11 The Chairman of the Arctic Subarctic Offshore Committee in
12 his highly irregular and inadequate two minute response
13 to the statements by English Bay alluded to the fact that
14 the oil companies have worked successfully with Yakatat.
15 For those of you who may have been misled by his statement-
16 the oil companies were forced to cooperate for these
17 reasons: The oil companies had purchased cannery pro-
18 perty in the center of the village, they did not consult
19 with or consider the impact on the people who live there.
20 Fortunately, the village of Yakatat owned the tidelands
21 surrounding the cannery and the oil companies were forced
22 to cooperate with the villages in order to develop the oil
23 resources in Yakatat.

24 *

25 *

1 The Federal Government and oil companies have a long
2 history of costly, stupid mistakes and oversights. For
3 Instance, my husband was contracted out to fly BLM of-
4 ficials to the North Slope to take oil samples in the
5 middle of the winter, which we all know you cannot take
6 oil samples from frozen ground.
7 Such bureaucratic blunders occur with alarming frequency
8 and we can be grateful that they usually only waste money.
9 I am opposed to OCS development personally and you need
10 to hear that the people who live there are opposed to it
11 also.

12 That's all I have!

13 *

14 JUDGE:

15 Thank you. Are there any questions?

16 MS. ROBERT:

17 I am not prepared to answer any questions right now, I
18 will submit any evidence that you would like in a future
19 statement.

20 JUDGE:

21 Very well - thank you very much.

22 Our next witness is the Coordinator for the Alaska Center
23 for the Environment, Mrs. Peg Tilleston.

24 *

25 *

1 MRS. TILLESTON:

2 Good afternoon gentlemen - I am Peg Tilleston, Coordin-
3 ator of the Alaska Center for the Environment. The
4 The Center is a nonprofit tax deductible, basically
5 volunteer organization supported by over 500-members from
6 all over Alaska.

7 The Center opposes the proposed lease sale until such
8 time as adequate data is available and the alternative
9 of no sale is adequately explored. In any case, what-
10 ever happens to this sale at this point, we oppose the
11 inclusion of sites 9 and 10, these should be omitted.

12 *

13 The current ten-liner as far as the no sale option is an
14 absurd boiler-plate. We feel that it is legally
15 questionable and hope that considerable more work is done
16 one it.

17 It is impossible of course to address the OCS lease sale
18 without addressing the inadequate National Energy Policy.
19 The present operational policy can be best expressed in
20 six words 'get it out - use it up'. Self-sufficiency
21 under such a policy is an absurd and cruel hoax. Since
22 Project Independence was articulated we have continued to
23 increase our dependency upon foreign energy sources. More
24 gas was used this summer than at any previous time.
25 Detroit is returning to 'business as usual' while the

1 private auto continues to gobble up nearly sixteen percent
2 of all the oil that is used in this country.
3 All of this reinforces America's interpretation of Dekard's
4 philosophy 'I drive, therefore I am'.

5 *

6 A National Energy Policy should stress conservation as
7 the only answer to our immediate problem. Somehow people
8 seem to overlook the fact that even if we start to drill on
9 every lease being offered today, it will be at least five
10 years at the very inside before the first drop of oil or
11 whiff of gas is delivered.

12 The National Energy Policy should determine where energy is
13 needed and the best way to supply it. Dumping oil and
14 possibly gas to a section of the country that is already
15 sufficiently supplied makes very little sense.
16 The National Energy Policy must begin making plans now to
17 mitigate economic disruptions that will occur. An economy
18 in which one out of six jobs are related to the automobile
19 industry is headed for disaster as the energy problem
20 worsens, which undoubtedly it will.

21 *

22 Under the current situation our being here today seems to
23 be merely an exercise to fulfill legal requirements. We
24 have said it before and the situation has not changed - the
25 question in the minds of the Administration whom you

1 people represent, seems to be 'how fast can the prelim-
2 inaries be dispensed with so we can get on with the sale
3 and turn out the next EIS'. We face a dilemma - by
4 responding we imply acceptance of this policy, by not re-
5 sponding we forfeit an opportunity to express our concerns
6 and thus hopefully have some chance of lessening the impact
7 when the inevitable arrives.

8 *

9 One of the many glaring deficiencies in this Draft EIS is
10 a complete lack of concern for what happens to the oil after
11 it is in the pipeline. Transport is a vital and integral
12 point of oil production and must be considered in this
13 statement. Several possible sites are mentioned - and
14 it mentions the existing water depths; tankers are classi-
15 fied and a paragraph on the few available ports in the U.S.
16 that can handle ten thousand and over dead-weight tons.

17 End of discussion!

18 This is absolutely not adequate! It is imperative that
19 port sites be identified for exploratory support. If a
20 facility cannot be identified for the developmental phase
21 then a second Impact Statement must be prepared.

22 What port and refining capacities will receive the oil and
23 gas at the other end? Increased L&G in commercial
24 trade at the Port of Anchorage posed increasing hazards
25 when combined with offshore development. How will this be
handled?

There is a sentence in the Statement as I remember that existing traffic should have no problem with pipeline. However, I remember a situation not too long ago in which a ship dragging its anchors seemed to disrupt our electricity here in Anchorage for quite some time - in fact people were forced into energy conservation, quite a few found their bills were much more pleasant to meet for a while.

*

How does the proposal relate to the proposed Federal Power Administration proposal to ship North Slope gas from the Kenai area? There's a pending application by the Southern California Gas Company to expand existing L&G facilities in the Lower Cook Inlet area - - have these been considered in the Draft EIS? I say they have NOT and I believe it is an integral part. Too often we look at things in a very small perspective when actually they must be considered as a whole, as to what is happening in the whole area.

*

As far as the BLM NOAA studies that are proposed extend through 1980 - the Statement timetable calls for twenty-one exploratory wells and seventy-five miles of pipeline by then. Many of these studies are just beginning, many are proposed and not funded. Most of the results

1 will NOT be forthcoming until after the sale is history.

2 *

3 What options are available to the Department of Interior
4 or to the Administration - - to cancel or alter the sales
5 if the results of study suggest such action is appropriate.
6 Has any attempt been made to identify the most needed
7 studies or are these studies listed as merely a laundry
8 list.

9 *

10 Many of the communities do not have even the beginnings of
11 necessary governmental structure to deal with big oil and
12 big government. A number have discovered after the last
13 least sale that they not only have sold their birthright
14 but the bowl of porridge as well.

15 *

16 We object to the tenor of Section 'G', Future Environment-
17 - - Future of the Environment without proposal'. It
18 says that 'things are all messed up already so we might as
19 well go ahead and make a super mess'. I object to this!

20 *

21 The State must have the opportunity to develop coastal
22 zone mechanisms that can provide support and assistance
23 to communities faced with the type of spector that you are
24 presenting them with.

25 *

1 In the case of oil spills - it seems to have been passed
2 over rather lightly. Cleanup efforts are mentioned but
3 no mention is made of the effectiveness, the containment
4 and cleanup in wind and wave factors that are common in
5 this area.

6 What is the proximity of the projected oil spills from
7 pipelines to critical habitat area? I might mention
8 aside that the EIS mentioned the Coast Guard's attempt
9 and plans to handle oil spills when the George Ferris was
10 stranded in Kachemak Bay. The Coast Guard came around
11 to the Alaska Center for the Environment and wanted to
12 know how many people we could marshal to man the beaches.
13 And by this I am indicating that our techniques really in
14 many cases are still pretty primitive.

15 *

16 The casualness of 71,600 barrels of oil being spilled in
17 one year (which is mentioned on page 1077) is appalling -
18 it points up our acceptance of waste.

19 We congratulate you on the effort that is being made be-
20 latedly and a bit hesitantly, to involve the State in the
21 OCS planning process. This effort MUST be expanded, the
22 State MUST know what to expect well ahead of time.

23 *

24 We have only hit some of the highlights of our concerns
25 and we will expand on some specific points in a latter
written presentation.

1 JUDGE:

2 Thank you Mrs. Tilleston. Are there any questions?

3 (NO RESPONSE). Again, thank you very much!

4 MRS. TILLESTON:

5 And thank you for this opportunity.

6 *

7 JUDGE:

8 Our next witness is Mr. Gordon Jackson who is the Executive
9 Vice President for the Alaska Native Federation. Is Mr.
10 Jackson here? (NO RESPONSE).

11 Earlier we announced the name of Mr. Jim Kowalsky who re-
12 presents the Friends of the Earth, is Mr. Kowalsky present
13 now? (NO RESPONSE).

14 Also a short time ago we announced the name of Michelle
15 Robert - is she here now? (NO RESPONSE).

16 *

17 At this time are there any persons who would like to be
18 heard but who have not had a chance to make their
19 presentation? (NO RESPONSE).

20 That being the case I think at this time we should recess
21 for at least half an hour period and then we'll return at
22 that time and decide what our schedule will be for the
23 remainder of the day.

24 We'll now recess until 3:00 P.M.

25 RECESS - FOR HALF HOUR.

1 JUDGE:

2 The hearing will please come to order.

3 There are two people who have arrived and would like to
4 make statements at this time. Our first speaker will
5 be Mr. C. V. Chatterton who is Vice President of Rowan
6 Drilling.

7 MR. CHATTERTON:

8 Mr. Chairman, members of the panel - my name is C.V. (Chat)
9 Chatterton. I am a Registered Professional Engineer em-
10 ployed as Vice President of Rowan Drilling, U.S., a dom-
11 estic division of Rowan Companies, Inc.

12 As an Alaskan for nearly sixteen years and as spokesman
13 today for a drilling contracting firm with over twenty
14 years experience in the State of Alaska, I can assure you
15 that I speak on the matter before us not only with a per-
16 sonal but also a business interest.

17 For credentials, Rowan offers over fifty years of experi-
18 ence and expertise in the drilling of crude oil and natural
19 gas wells. Rowan now operates fourteen offshore drilling
20 units world-wide, ranging from the North Sea to Indonesian
21 waters.

22 Drawing upon a background of experience and expertise, it
23 is our considered and sincere conviction that drilling and
24 production operations can be carried out safely within the
25 site-specific of the proposed nine million acre OCS Lower

1 Cook Inlet sale. Industry practices and technology
2 necessary for safe operations exist and have been proved.

3 *

4 Case in point is the contiguous Upper Cook Inlet where for
5 well over a decade the oil industry has conducted offshore
6 drilling and production operations.

7 Because of severe ice conditions these operations are being
8 conducted in a more hostile environment than exists within
9 the site specific of the proposed Lower Cook Inlet sale.

10 *

11 The industry's record in the Upper Cook Inlet speaks for
12 itself. Operations there have produced no irreparable or
13 lasting effects upon the environment, nor have other re-
14 sources of the area been adversely affected. Operations
15 have proved economically beneficial for all concerned.

16 *

17 Crude oil and natural gas drilling and producing operations
18 can be conducted within the Lower Cook Inlet without any
19 significantly adverse or lasting effects on the environment.
20 Gentlemen, there is no viable alternate to your proposed
21 lease sale short of leaving a much needed potential source
22 of domestic energy to lie fallow beneath the sea. Drilling
23 and producing operations within the site specific can be
24 conducted in full compatibility with other demands placed
25 upon the area, development of the potential energy resource

1 reserve will prove economically beneficial to all of us.

2 *

3 In short, we support early implementation of the proposed
4 Lower Cook Inlet lease sale. In our opinion delay will
5 serve no useful purpose. Thank you very much for this
6 opportunity to appear before you.

7 *

8 JUDGE:

9 Thank you Mr. Chatterton - - are there any questions of
10 Mr. Chatterton?

11 MEMBER FERRAND:

12 Mr. Chatterton, I would like to correct one impression -
13 I don't mean to diminish your statement but it is nine
14 hundred thousand acres not nine million acres. Just an
15 error of the decimal I'm sure.

16 MR. CHATTERTON:

17 Oh yes - thank you - I do apologize.

18 MEMBER FERRAND:

19 There are those who think it's plenty big enough already.

20 JUDGE:

21 Further questions? (NO RESPONSE). Thank you very much
22 Mr. Chatterton.

23 Our next speaker is Mr. Thomas L. Lewis, Jr. of the
24 American Association of Petroleum Landmen.

25 *

1 MR. LEWIS:

2 Gentlemen, my name is Thomas L. Lewis, Jr., and I am a
3 resident of Anchorage, Alaska. I am here to represent the
4 American Association of Petroleum Landmen, of which I am a
5 member and former Director.

6 The Association's Outer Continental Shelf Committee, which
7 concerns itself with matters of the kind under consideration
8 here today, has requested me to make this statement on be-
9 half of the Association.

10 The American Association of Petroleum Landmen is an organ-
11 ization of over 5000 professional landmen from both the cor-
12 porate and independent sectors of the petroleum and mining
13 industries in the United States and Canada. Our Executive
14 Offices are located in Fort Worth, Texas. Many of our
15 members are engaged in petroleum-related activities in
16 various offshore areas of the United States - and our organ-
17 ization strongly supports the early scheduling of a Lower
18 Cook Inlet OCS sale.

19 *

20 Our Association has had representatives appear in person or
21 has submitted written statements for the record at each
22 public hearing held by Interior for OCS lease sales begin-
23 ning with your first hearing in July, 1970 at New Orleans.
24 We also have commented on Interior's 'Proposed Rule
25 Makings' where the interests of our membership have been

1 involved. The hearings for OCS sales have served to
2 highlight our nation's energy shortage, have furthered
3 understanding of the problems of the offshore petroleum
4 industry, both in the public and private sectors and have
5 promoted the nation's environmental awareness. At the
6 same time, the hearings and other environmental processes
7 have caused costly delays in the further development of the
8 OCS. We may never know just how costly these delays have
9 been, but there can be no doubt that the roadblocks present-
10 ed by the passage on the National Environmental Policy Act
11 (NEPA) have contributed immeasurably to our present pre-
12 dicament - directly in the increased cost of the Alaskan
13 pipeline and indirectly in the higher prices we must now
14 pay for OPEC nation's crude, along with the accompanying
15 depressing effects on our national economy. We become
16 more dependent upon foreign sources of supply each day.
17 For example, the Federal Energy Administration reported
18 earlier this year that crude oil imports into the United
19 States in the first quarter of 1976 were 32-percent higher
20 for the first quarter of 1976 than for the same period of
21 1975. To add perspective and point to this fact, I
22 want to cite a statement by Senator Weicker of Connecticut
23 to the effect that imports from OPEC countries in 1975 were
24 45-percent higher than in 1973. We MUST reduce our
25 dependence on foreign supplies of petroleum and the Outer

1 Continental Shelf is our last frontier for discovery of
2 significant reserves. It is therefore extremely im-
3 portant that we know soon if the unexplored areas of the
4 OCS will contribute to our supply or will be barren.

5 *

6 In the early hearings held for sales in the Gulf of Mexico
7 we heard opposition witnesses predict dire consequences
8 from continued sales of leases in that area. At the
9 first hearing held in July of 1970 in New Orleans, a large
10 array of witnesses who were in favor of the sale came from
11 all parts of the country to appear before the Department of
12 the Interior and express alarm at our dwindling supplies
13 of gas and oil. They strongly urged Interior to pro-
14 ceed with the sale in the gas-prone area off western
15 Louisiana. They were confronted by a number of opposi-
16 tion witnesses urging Interior to discontinue their OCS
17 program entirely. Fortunately, the Department of the
18 Interior proceeded with that sale and with the OCS leasing
19 program, resulting in billions of dollars in bonus revenue
20 for the Government and, more importantly, significantly
21 additions to our nation's domestic reserves of oil and gas.
22 All this has taken place without environmental damage and
23 without detriment to the other uses (such as shipping
24 companies, commercial fisheries, sports fishermen, etc.) of
25 the Gulf of Mexico. The predictions of the dire

1 consequences have not materialized; and, at recent hear-
2 ings for Gulf of Mexico sales, opposition has practically
3 disappeared. History has provided us with a useful
4 'track record' there that you can make good use of in your
5 deliberations concerning a Lower Cook Inlet sale. The
6 BLM and the USGS have complete information concerning past,
7 sales which may be used to determine what benefits the
8 nation has realized. Hearings like this one are required
9 and can be very beneficial, but they should not be used as
10 vehicles for promoting delay for delay's sake. The Lower
11 Cook Inlet has possibilities for producing hydrocarbons,
12 and steps should be taken now to proceed with leasing and
13 drilling.

14 *

15 We hope that we can look back to this date five years from
16 now and say that the correct steps were taken. We also
17 hope that the country will be reaping benefits from
18 additional hydrocarbon production. In any event, we
19 must know as soon as possible if our untested OCS areas
20 are going to be able to contribute to our domestic
21 reserves. It is the position of the American
22 Association of Petroleum Landmen that you should proceed
23 with the Lower Cook Inlet sale at the earliest possible
24 date.

25 That concludes my statement!

1 JUDGE:

2 Thank you - - are there any questions of Mr. Lewis?

3 (NO RESPONSE). Again, thank you very much.

4 *

5 Are there any other persons present who would like to be
6 heard at this time? (NO RESPONSE).

7 I take it that Mr. Kowalsky has not come in; not Miss
8 Robert or Mr. Jackson.

9 That being the situation then what we will do at this
10 time is to recess until tomorrow morning at 9:00 A.M. -
11 at which time we do have additional people who are
12 scheduled to speak.

13 WE

14 ARE

15 IN

16 RECESS

17 UNTIL

18 9:00 A.M.

19 TOMORROW!

20 *

21
22
23 *

24
25 *

* WEDNESDAY - AUGUST 25th *
9:00 A.M.
* * * * *

JUDGE:

This hearing will come to order. Good morning!

This is a continuation of the public hearing which began yesterday for the purpose of receiving comments and suggestions relating to the possible sale of oil and gas leases on the outer continental shelf offshore in the Lower Cook Inlet.

As you know the Draft Environmental Statement concerning this proposed lease sale was made available on July 13th of this year - and the purpose of this hearing of course is to provide the Secretary of Interior with additional information to help evaluate the potential effects which this possible sale or lease would have on the environment.

*

We do have here a panel which has been appointed by the Secretary of the Interior to receive your comments. Yesterday we introduced all of these members - we won't re-introduce them today because they are fully identified with their name cards in front of them.

For the benefit of those who were not here yesterday we'd just like to mention that we have provided at the doorway copies of the procedural guidelines to be followed here. We've done this mainly because people come in later and

1 they don't know what the procedure is here. I don't
2 want to restate all of the procedural items but I would
3 like to high-light three of them.
4 This of course is not an adversary proceeding so there will
5 be no questioning of any of the speakers, except perhaps
6 some of the members of the panel may need to learn something
7 more to understand the situation - so if need be they may
8 ask you questions.
9 The members of the panel are here mainly to obtain an
10 understanding as to the facts concerning this possible
11 sale and therefore they are here to listen but they are not
12 here really to answer questions - their duty is to learn
13 from the people who are here.

14 *

15 We will have basically a limit of ten minutes for the oral
16 presentations and I'll let you know about a minute before
17 your conclusion that you do have a minute to go.
18 You certainly may elaborate more on your comments by filing
19 a written statement with the clerk at the door here.
20 After we receive the presentations of the people who have
21 already registered today then anybody else who would like
22 to be heard certainly will have the opportunity and we'd
23 appreciate it if you would register at the table at the
24 rear of the room.

25 *

1 So if there are no other questions about our methods of
2 procedure we'd like to proceed with our first speaker.
3 If you will please begin by stating your name, address and
4 the organization you represent.
5 Our first speaker today is Mr. Jack Hession, he is the
6 Alaska Representative of the Sierra Club.

7 MR. HESSION:

8 Judge Cook, members of the panel - my name is Jack Hession,
9 I am the Alaska representative of the Sierra Club. I
10 have a brief statement which will be supplemented by a
11 written statement later.

12 Our position on the proposed Lower Cook Inlet lease sale
13 parallels our stand on the Department's Programmatic EIS
14 for its accelerated leasing program, and on the recent lease
15 sale in the Northeast Gulf of Alaska. To-wit:

16 'Development of Lower Cook Inlet is premature and ought to
17 be indefinitely postponed, pending completion of environ-
18 mental baseline studies and the implementation of the
19 Council's own plan.

20 We recommend that the Department adopt its 'delay sale'
21 alternative for the reasons set forth in its own statement.

22 *

23 As for the Draft Environmental Impact Statement itself it
24 is fundamentally inadequate because it is based on insuf-
25 ficient knowledge of the non-renewable resources which

1 would be affected by oil and gas development. We fail
2 to see how a meaningful impact analysis can be made in the
3 absence of adequate information on the resources which will
4 be affected.

5 If this information will be forthcoming however we strongly
6 recommend that a decision on leasing be deferred until the
7 base-line studies are completed and the State and Cook
8 Inlet communities have had time to prepare coastal zone
9 plans.

10 Thank you very much!

11 JUDGE:

12 Are there any questions of Mr. Hession?

13 MEMBER TRUESDELL:

14 Mr. Hession, in your opinion how soon will the State have
15 the coastal plan?

16 MR. HESSION:

17 I wouldn't hazard a guess Mr. Truesdell - but I suspect
18 that it may NEVER, judging by events in the State
19 Legislature in recent sessions. However, that's not
20 to preclude strong executive action to insure that for
21 example - - well the oil industry is not allowed to
22 simply go ashore at any point it wishes in Lower Cook
23 Inlet - as I notice the Environmental Impact Statement
24 seems to assume.

25 *

1 MEMBER TRUESDELL:

2 You think the State DOES have authority then if they would
3 use it, to stop the Department?

4 MR. HESSION:

5 As I understand it they have some legal leverage in that
6 of course pipelines and other related facilities would
7 have to cross state tide and submerged lands - and I'm not
8 sure of the legality of this but I assume the Governor
9 could take a strong position on the location of onshore
10 facilities, using that legal basis.

11 MEMBER WHEELER:

12 Mr. Hession, did I understand your statement to say that
13 you would provide more detailed comment on the content of
14 the EIS for our consideration?

15 MR. HESSION:

16 Yes sir we will.

17 JUDGE:

18 Thank you very much Mr. Hession. Our next speaker
19 is Paula Rasmus, who is the Health Director for the Cook
20 Inlet Native Association.

21 PAULA RASMUS:

22 Sorry I wasn't at the hearing yesterday but this is my
23 fourth time at these kinds of hearings on OCS so I'm pretty
24 familiar with what happened yesterday.

25 I work for Cook Inlet Native Association as the Health

1 Director. The task that I have before me for the next
2 year is to plan and hopefully implement a comprehensive
3 health plan for Cook Inlet Native Association region, for
4 both mental and physical health.

5 *

6 Prior to going to Cook Inlet Native Association I developed
7 a health program for Chugach Native Association which is
8 now being implemented. In between those two stints I
9 worked at the Alaska Federation of Natives as a consultant
10 and one of the things I did there was review parts of the
11 Alaska Native Claims Settlement Act for testimony before
12 Mr. Kleppe on the hearings that were held several months
13 ago. I also attended the San Francisco pre-bidders
14 conference for the socio-economic study on OCS in San
15 Francisco.

16 I am an enrolled native of the Chugach Native Association
17 of that region and that is probably where my concerns for
18 this whole OCS thing comes in. It is very difficult
19 for me to understand why, after three or four different
20 large meetings, public meetings in Alaska, where people
21 have come and said 'we have the following concerns and we
22 would like answers as to why these concerns are not being
23 addressed'. That the course that seems to be followed
24 is the traditional government approach of 'this is how we've
25 always done it so this is how we're going to do it'.

1 I became very upset when I went to San Francisco - I went
2 mainly just to sit and listen, find out who was going to
3 be awarded the proposal to do the socio-economic study
4 (which I think is crucial). I was somewhat amused by
5 the fact that most of the people I talked with prior to the
6 meeting had never been to Alaska, did not know what an
7 Alaska native was, did not know what a village corporation
8 was.

9 There was a whole group of people there and I am sure they
10 were all very good people who were trying to get it together
11 to bid on doing this study - and they had done such studies
12 in other parts of the country. But in talking to them
13 they realized and I soon realized that perhaps they did
14 not have the kind of background that is necessary to do
15 the type of study that we hoped could be done here.

16 *

17 Another thing that was very distressing to me at those
18 meetings that I felt was taken - a gentleman in the
19 audience asked if they had contacted the regional corpo-
20 ration and did in fact have permission to go on the land
21 to do the study. One gentleman there said that yes, they
22 had contacted the corporations. He further stated that he
23 didn't feel he needed the permission of the natives to go
24 on their land - at which point I felt I should no longer
25 remain an observer and I asked him why he felt they did not

1 need the permission of the native people to go on their
2 land and to the villages and his answer was that since we
3 don't have title to the land under the Alaska Native Claims
4 Settlement Act that Mr. Kleppe could just say that they
5 could go in there and do their study.

6 My position was that the Alaska Native Claims Settlement
7 Act guarantees us the same rights as any other private
8 property owner, and that if people were to go on the land
9 to do a socio-economic study and the land is over seventy
10 percent native land then they should at least afford those
11 people the privilege of having the right to say 'we would
12 like these controls or restrictions on you while you are on
13 our land - or that we don't want you on our land'. This
14 was totally negated and they just said 'well, that's a nice
15 concept but we're not really sure this is something we have
16 to address' and it was not addressed.

17 *

18 Yesterday a group of people from English Bay, Alaska came
19 here (which is my region) - and said 'we don't want this
20 type of activity in our village'. Those people before
21 they came here probably sat down in the village and said to
22 the effect 'what are we going to do about this and how are
23 we going to do it'? The traditional way in the village
24 is for everyone to sit down, air their opinions and come to
25 a conclusion that is satisfactory to everyone in the village.

1 So for those people to come here and represent the village
2 means that-that village is totally opposed to the whole
3 thing, they don't want it and therefore they are trying to
4 express to you that they just don't want this in their area
5 and could you please do it somewhere else - - or if it is
6 going to be done there could they have some say in how it
7 is done.

8 *

9 I was educated outside of Alaska and I have owner property
10 in other places and I know that as a private property owner
11 in Seattle, Oregon or anywhere else, I have certain right
12 concerning my land, how it is used and what I can do with
13 it. My understanding of the Alaska Native Claims
14 Settlement Act is that it gives us as private property
15 owners, as natives, the same rights as you have on your home,
16 your yard and the land you own around your homes. Villages
17 are peoples homes and I think they should be respected as
18 peoples homes.

19 This is the fourth time I've been to these meetings and I
20 still don't see that a lot of the people involved in the
21 planning process and then in the actual going in and doing
22 the work kind of process understand this or appreciate this.
23 I don't think these people are radicals, I don't think they
24 are the ones that should cringe, I don't think they are any
25 of these kinds of things - I think they are private people

1 that had a beautiful culture for a long time which they
2 are trying to protect.

3 The native way has always been to share everything you have
4 with anyone that comes in, they've always done that, they
5 have always shared everything they've had with any foreign
6 people that came in. Now they are saying 'this is some-
7 thing we want to keep, it's ours, we have respect for the
8 land and we just want you to share in that respect for
9 our land'.

10 I think these village people are perfectly willing to sit
11 down with you in their accustomed manner and talk these
12 things over. I know it's very scarey for some of them
13 to come here from their villages, see all the lights and
14 microphones, titles and all that, it's just something they
15 are not accustomed to so they are somewhat intimidated
16 immediately by the way the thing is set up.

17 I'm not criticizing now because I know that you all came
18 here in good faith and you all came here so that you could
19 learn what people are thinking and find out how people feel
20 about this - - but it is not the way they are accustomed
21 to doing things.

22 *

23 I have worked for the Government, I have worked in all
24 segments of the Government and I do understand that you
25 have procedures that you have to follow - and you have your

1 boss and he has a boss - these things I understand. But
2 a lot of these people do not understand that, they simply
3 understand that their way of life and their village and
4 everything that is very special to them, that they've tried
5 for a long time to protect, is suddenly threatened by some-
6 thing so large they don't really understand it.

7 *

8 I talked with some of the people last night and they said
9 that 'they said there will be no facility in English Bay'-
10 but that does not mean that the general area is not going
11 to be impacted and it does not mean that Homer and
12 Seldovia may not turn into something similar to Valdez.
13 We have studies before on Valdez - I don't know how many
14 of you have ever been there but it is generally known
15 among the Alaska people that it's not a very pleasant place
16 to visit any more. Most of the native people don't live
17 there - prior to the pipeline they moved away. It was
18 once a very beautiful place physically, the physical beauty
19 is still there but it is somewhat tainted by the develop-
20 ment that has happened.

21 I guess what I'm asking for is maybe that you can under-
22 stand that these people are very concerned, that we are
23 talking largely about native land - and perhaps there is
24 another way of doing it that would be more compatible with
25 the way things have always happened.

1 It's expensive for them to come in, they have come in
2 repeatedly - there aren't as many people here as there have
3 been in the past and I would say that's largely because
4 they have become very frustrated with these meetings and
5 they go back and say 'well we talked-and-talked but they
6 didn't do it anyway so why should we bother'.

7 *

8 I know there are going to be lease sales, I know there is
9 going to be development and that-that land is needed, but
10 I also know there is a very beautiful way of life here and
11 it stands a very large chance of disappearing. A lot of
12 our languages have disappeared and a lot of things are
13 happening that make my job very difficult and make every-
14 one that is connected with the thing very disturbed - in
15 planning and trying to develop programs very, very difficult
16 because the kind of impact that we're talking about changes
17 peoples total environment and thus changes their lives,
18 changes the way they react to situations.

19 That's all I have to say!

20 *

21 JUDGE:

22 Any questions?

23 MEMBER FERRAND:

24 Miss Rasmus, the people that were commenting in San
25 Francisco on the concept of ownership rights were they
potential contractors or - -

1 MISS RASMUS:

2 - - that was Mr. (I believe his name was O'Rourke) from
3 Washington, D.C. The potential bidders at the San
4 Francisco conference I did not find at all upsetting, they
5 were very nice people. In fact, after that conference
6 was held several of the contractors, Williams Brothers
7 Engineering, Stanford Research Institute, Isagor and some
8 of the other people flew to Alaska to meet with the Alaska
9 Federation of Natives to see what their concerns were and
10 generally after that meeting the people that did come up
11 here felt that they did not want to bid on the socio-
12 economic study because they did not feel there had been
13 enough native input and they did not feel that the study
14 could do justice and so they left the State without bidding
15 on it at all.

16 MEMBER FERRAND:

17 So that would be your major criticism of the Environmental
18 Impact Statement?

19 MISS RASMUS:

20 I guess my major criticism of the socio-economic study is
21 that first of all we had a very difficult time getting
22 down - I work with three native organizations and I have
23 a lot of difficulty even finding out WHEN things are happen-
24 ing, when there are going to be hearings and so on. I re-
25 quested copies of the minutes of the meeting in San

1 Francisco but I still have not received them and that
2 meeting was a couple of months ago. Now that may be due
3 to the mail or the communications system or this type thing
4 but I am just saying that the native people are very con-
5 cerned. They have a very hard time getting any inform-
6 ation or the information they do get they know is in-
7 correct.

8 I looked at the study plan over the weekend, I know there
9 are black bear in English Bay and I know that I'd climb up
10 a tree to get away from them but it says on your map that
11 there are no black bear in English Bay. I'm questioning
12 the logic behind the way the study plan was developed, I
13 am questioning the people that did the study and probably
14 the manner in which it was done. I know some of the people
15 that have been out in the Sound doing these kinds of things
16 but I'm just questioning the way it is put together and
17 whether the information's correct and I would like to see
18 the State or some other agency collaborate to make sure
19 the information IS correct.

20 *

21 JUDGE:

22 Are there any other questions? (NO RESPONSE). Thank
23 you very much Miss Rasmus.

24 Our next speaker is Professor Michael Baring-Gould of the
25 University of Alaska, Department of Sociology. It seems

1 he is not here now so if he comes in later we'll hear him
2 later in the program.

3 Next listed speaker is Mr. Cecil Barnes, who is President
4 of the Chugach Natives, Inc. (NO RESPONSE). Again,
5 we'll see if he comes in later.

6 Alright, our next listed speaker is Mr. Millett Keller, is
7 Mr. Keller present? (NO RESPONSE).

8 Next person on the program is Mr. Wilson Rice, representing
9 Trustees for Alaska.

10 MR. RICE:

11 Thank you Judge Cook - members of the panel. My name is
12 Wilson Rice, I represent Trustees for Alaska - - (as we
13 seem to be running near the end of the meeting, nobody is
14 showing up - so I'll try to keep my comments brief and
15 hopefully to the point). We will submit more specific
16 comments in writing regarding several deficiencies in the
17 Impact Statement, and specifically regarding baseline data
18 and stipulations regarding the deletions of Sections 9 and
19 10, other stipulations and other comments which will provide
20 protection for the cultural and subsistence lifestyles of
21 people living in the impacted areas.

22 *

23 Trustees for Alaska is an organization of about five hundred
24 people who are interested in seeing that the decisions such
25 as the ones that are being made today regarding our

1 environmental development, resource development, are made
2 in the interest of the public and not simply on the basis
3 of private economic gain. We are also interested in
4 assuring that the esthetic renewable resources of this
5 State are not lost in the course of development of the non-
6 renewable resources.

7 *

8 The first comment I have is procedural and it may be my
9 bias as an attorney but I think one of the deficiencies in
10 the procedures that are going on here today is the lack of
11 cross-examination of the witnesses. I think some of the
12 questions that have been posed by the panel have amply
13 demonstrated the need for close questioning of the people
14 who are making comments. Those of us who work in the
15 public interest sector, who represent conservation groups,
16 village corporations and such as that, do not have access
17 to the economic, scientific and legal expertise that private
18 industry has. We don't have the ability to present the
19 kind of facts and figures that private industry can afford
20 to do.

21 By providing an opportunity to cross-examine the representa-
22 tives in the industry - we may not be able to provide
23 additional figures but at least we may be able to point out
24 some of the gaps and some of the holes where private industry
25 has chosen not to present statistics or figures.

1 My most substantive area (in spite of the somewhat moral-
2 istic flag-waving tone of Mr. Silcox' comments yesterday
3 on behalf of the oil industry, I thought they were very
4 - - there were some very interesting admissions made) -
5 the first, although he characterized it as misleading I
6 think it was very clear that there WILL be a surplus of
7 oil on the west coast, at least until 1985. Industry
8 cannot build a pipeline to reach the midwest markets until
9 that time and still meet the environmental concerns and the
10 regulations which have been imposed by the Federal Govern-
11 ment and State Governments in order to protect the interest
12 of private citizens.

13 *

14 It was clear from the comments that unless they are
15 specifically forbidden to (and I am sure that if they are
16 we'll have the same gapping hole that the pipeline pro-
17 visions contained) - that industry WILL export that oil to
18 Japan.

19 Now my understanding of the purpose of Project Independence
20 and the accelerated sales we've been discussing here today,
21 is that it is to DEcrease our dependence on foreign oil,
22 that is basically oil from OPEC nations. Now we've been
23 told that exporting oil to Japan would pose no problem
24 because we would simply trade-off that oil for Japan's oil
25 in the middle east and then tank that oil to the east coast

1 and thus would provide the same amount of oil we would
2 otherwise have.

3 I simply do not see how that reduces our dependence upon
4 OPEC oil - we are still subject to the same embargos we
5 would otherwise have. It appears to me that the country
6 has gained absolutely nothing in terms of independence from
7 leasing sales now for oil we will NOT be able to use for at
8 least another nine years.

9 *

10 The testimony is that it will take five years from the date
11 of this lease until those wells go on-line. We can post-
12 pone this lease until 1980 and there will still be a west
13 coast surplus of oil when they begin producing. In short
14 I've seen no national interest concern in this lease, no
15 national interest justification in the lease. Until the
16 oil companies are capable of meeting the environmental and
17 regulatory concerns in constructing a method of transporting
18 that oil to midwest markets.

19 The second reason for delaying this sale (and again it goes
20 to the entire accelerated OCS program on the west coast)
21 is that this mad rush to get oil into production will have
22 a detrimental effect on the amount of bonus bids which the
23 State, Federal Government and citizens of this country will
24 receive for what is at this point, our oil. I am not
25 an economist but I don't think it requires much more than

1 the knowledge of supply and demand to realize that this
2 sudden flood of potential oil lands could do nothing but
3 lower the prices which we will receive for those lands.
4 Barring other justification, I can see no reason for rush-
5 ing headlong into leasing of lands which are essential to
6 the preservation of other resources.

7 *

8 There are a number of other reasons why the sale should
9 be delayed, the State and the communities, impacted areas
10 are not socially or environmentally prepared for a lease
11 of this magnitude at this time. The State has been
12 given no time to deal with the coastal impact. There has
13 been testimony that it would be two years before the
14 Coastal Zone Management Plan is done; the EIS Statement
15 itself says that Phase Two of the Land Use Planning will
16 not begin until 1977 and not completed until 1980.
17 I think the testimony from the residents of English Bay
18 has amply demonstrated the problems that the people in this
19 area will face if that lease sale goes through now.

20 *

21 Additionally there was testimony from the oil industry
22 yesterday that these wells be drilled in 200-600 feet of
23 water. The deepest offshore well now in use is ap-
24 parently in the seismic-free area (relatively seismic free
25 area) in the Gulf of Mexico and it is 500-feet. There
are deeper wells being drilled at the present time but the

1 point is that we're working at the limits of our technology
2 if we build those wells now - by delaying the sale for a
3 couple of years we'll have time to study the effects of
4 deep water wells and have a better opportunity to iron out
5 bugs that may be in the wells that are required in Lower
6 Cook Inlet.

7 *

8 Thirdly, there are no mechanisms which have been developed
9 yet for controlling or monitoring offshore development.
10 It's going to take time to develop that governmental infra-
11 structure that is necessary for this sort of monitoring.
12 If the pipeline weld fiasco was any indication of the oil
13 industry's technical and managerial abilities then it's very
14 clear it is going to need some very close monitoring for
15 this sale.

16 *

17 In essence, there is no need to develop this sale at this
18 time other than the profits of the oil companies, improving
19 their cash-flow situation - and there a number of very strong,
20 human, environmental reasons why the sale should be delayed.

21 *

22 Now the second point I'd like to discuss is the location of
23 the shore facilities. Industry has basically said that no
24 decision will be made until the oil is discovered and then
25 they will see what they deem - where they deem those

1 facilities to be appropriate. I suspect that means where
2 it will be the cheapest.

3 I would urge strongly that industry be required to locate
4 those facilities in Kenai, unless there are over-riding
5 environmental or social reasons which would prevent pipeing
6 oil from the producing wells to that area. There are
7 several reasons for this - first, the economy of the Kenai-
8 Soldotna area is already based on the oil industry, it would
9 have a minimal amount of economic impact on those towns.
10 There's a deep water port there - - there are facilities
11 already developed for handling that oil. They would not
12 have to face an impact by pulling people from fishing and
13 other industries which would certainly result if those
14 facilities are located in Homer, Seldovia, English Bay or
15 any of the other existing communities.

16 This would also provide the first step toward concentrating
17 the State's petro-chemical industry which will surely
18 follow the oil companies here (in a single area). Now
19 one of the attributes of petro-chemical industries is that
20 one company's pollutant is another company's raw materials -
21 and we can severely lower the aggregate amount of pollution
22 by concentrating those industries in a single area as they
23 would utilize each others waste products.

24 I think it's fairly clear that Kenai is probably THE most
25 logical place for that concentration - it's the only oil

1 outlet with sufficient land area to put a petro-chemical
2 base.

3 *

4 There is no reason to scatter petroleum facilities up and
5 down what is essentially a pristine coastline; there have
6 been a number of proposals running all the way from
7 Yakutat, Icey Bay, Homer, Seldovia, Kodiak, Kenai - there
8 is the spector of oil facilities pock-marking the coast all
9 the way from southeast to the Bering Sea.
10 Industry keeps saying that we can develop this oil in a
11 manner that is compatible with our environmental concerns -
12 and if there was ever a clear demonstration of an area
13 of where the oil companies can eliminate major environmental
14 concerns and social concerns, it's in the concentration of
15 their facilities in a single place.

16 *

17 In short, there's room in the state for a relatively large
18 amount of development without destroying the non-economic
19 resources which we have here and which so many of us live
20 here to enjoy. The protection of Arctic and Subarctic
21 environments is expensive, it's time-consuming, and it
22 takes a great deal of comprehensive planning. We need
23 time for that and we need strict restrictions which will
24 insure that those protections take place.

25 *

1 This panel is going to be instrumental in determining the
2 size, scope and timing of this sale - and I sincerely hope
3 and trust that those decisions are made in the interests
4 of the public and will assure that we will not lose the
5 other resources with which this State is so amply endowed.

6 *

7 I want to thank the panel for this time and I certainly do
8 welcome any questions.

9 *

10 JUDGE:

11 Any questions?

12 MEMBER TRUESDELL:

13 Mr. Rice, I have a couple of questions. You mentioned
14 you thought we need some kind of a monitoring plan or
15 monitoring operation, we do have a plan set up with the
16 Geological Survey - it is in their normal course of busi-
17 ness to monitor the technical aspects of the operation.
18 We would also have an environmental monitoring program
19 when in production - -

20 Your second point now concerning the location in Kenai is
21 well taken, however, this is a State-local function and we
22 cannot as a Federal agency dictate to a State exactly where
23 a facility should be, they do control their own areas and
24 I think they are more concerned where a facility lies
25 than is the Federal government.

1 MR. RICE:

2 First, it is my understanding that the State does not have
3 any form of monitoring - while this is on Federal land it
4 is a Federal procedure. I would like to see that sort
5 of an opportunity for the State to develop that sort of
6 infra-structure. The monitoring of the pipeline I
7 think it's fairly obvious has been totally inadequate -
8 otherwise we wouldn't have this situation of three thousand
9 deficient welds and falsification of records had there been
10 the kind of monitoring that should have been done on this
11 project. It is very clear they needed a much stricter,
12 much more comprehensive, much more all-encompassing look
13 at the type of development that takes place.

14 My second point is that I realize it is a State function -
15 my comments were addressed to that as I don't believe the
16 EIS covers sufficiently those kinds of impacts and the
17 relative benefits of that particular alternative.

18 MEMBER GILL:

19 Mr. Rice, I'd like to ask you about your statement that
20 there might be no pipelines available to move oil from the
21 west coast east until 1985, are you aware that one company
22 has already filed for a great number of permits to get
23 their line laid and two others are in the process of
24 being considered to move the so-called glut on the west
25 coast into the mid-continent area?

1 MR. RICE:

2 I realize that but those comments were taken from the
3 testimony of the industry yesterday in which Mr. Silcox
4 stated that because of environmental concerns and regulations
5 he did not believe they would be able to have that oil
6 actually moving to those markets until the first of 1985.

7 MEMBER GILL:

8 I may stand corrected but I DON'T think that was his
9 testimony.

10 MR. RICE:

11 Okay, if it was not I apologize for misconstruing it, that
12 was my understanding of it - it was not made too clear - -

13 MEMBER GILL:

14 - - well if he DID say that, but I don't think he did,
15 because the transport system will be in place much sooner
16 than that. There's been a good deal of work on it; we've
17 had one rather intensive study where the northern tier re-
18 fineries were being cut off - - those two proposals - there
19 is the one from the northern part of the country and then
20 there's the one from the south from Los Angeles east - that
21 has all been really gone into in great depth. I'm quite
22 sure that some of those systems will be in long before 1985,
23 probably within three years of something on that order. (I
24 wouldn't want to be held to three years though) - - but I
25 believe that's about it.

* WEDNESDAY's WITNESSES *

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1 MR. RICE:

2 If those specifics are not included in the Impact State-
3 ment - - - well, I didn't see them in my survey of it. I
4 think that is a serious deficiency because that is some-
5 thing that should be addressed not only for this sale but
6 for any accelerated sale. I think it's very clear that
7 there was a strong indication yesterday that there was a
8 strong possibility that oil would be sent to Japan or at
9 least on an interim-basis.

10 MEMBER WHEELER:

11 Mr. Rice, among the purported benefits of a prompt sale
12 would be the development of new supplies of natural gas,
13 and at least one witness yesterday suggested to us that-
14 that is almost as important a reason for proceeding as the
15 supply of oil which you've indicated may be initially ex-
16 ported to Japan, do you not feel that the need for gas
17 justifies the sale or do you feel as with oil there is more
18 than enough gas in Southern California?

19 MR. RICE:

20 I am not an economist, I do not have the expertise to give
21 you an answer on that. I will do what I can and I will
22 include that comment in our written presentation.

23 *

24 JUDGE:

25 Are there any other questions? (NO RESPONSE). Thank you
very much Mr. Rice.

1 JUDGE:

2 I understand that Professor Baring-Gould is present now
3 therefore our next speaker will be Professor Baring-Gould
4 who is from the University of Alaska, Department of
5 Sociology.

6 PROFESSOR BARING-GOULD:

7 I am Dr. Baring-Gould, Assistant Professor of Sociology at
8 the University of Alaska, Anchorage, and I appreciate the
9 opportunity of appearing before you today.

10 In addition to teaching at the University I have been
11 active over the past two years in directing an impact study
12 of the effects of the pipeline in Valdez, and am recently
13 the Director of a study funded by the Alaska Humanities
14 Forum which is looking into attitudes towards growth and
15 development among communities in the Kachemak Bay area.
16 This study is just in the process of being performed at
17 the moment.

18 *

19 My comments on the EIS for the Lower Cook Inlet are going
20 to be critical but I would like first to commend the local
21 BLM OCS office for putting together an impact statement
22 which I think is considerably improved from that issued
23 for the Northern Gulf of Alaska. For once I feel that
24 more realistic assessments have been made regarding poten-
25 tial oil spills, affects on the physical environment and

1 cultural loss and disruption. I believe that this im-
2 provement in the Draft Environmental Impact Statement for
3 the Lower Cook Inlet is in large part based on the fact
4 that this report was put together by people at OCS who are
5 based in Alaska and have spent considerable time here in
6 preparing a stronger reliance on professional knowledge
7 of the land.

8 *

9 With personal knowledge of several individuals who have
10 worked on the EIS I also appreciate the constraints under
11 which they have labored in producing this draft. However,
12 I continue to be sincerely disturbed by the fact that the
13 meeting of schedules and timetables requires so many
14 sacrifices of meeting objectives of NEPA and then in the
15 end an inadequate statement.

16 My criticisms are quite specific and will only be given in
17 outline form for the sake of brevity. First, there are
18 a variety of gross errors or inaccuracies in the Draft which
19 I don't believe were just typographical - they involve
20 facts such as the number of policemen in Homer, the fact
21 that Homer doesn't have a sewage system, school enrollments
22 in Seldovia, the termination of Western Air Lines flights
23 in Seldovia and factors such as this. These mistakes are
24 obviously totally minor I think in significance. However,
25 they should be of concern to all of us because they do

1 indicate two important facts. First, an obvious lack
2 of familiarity with those communities which are to receive
3 maximal impacts under the prospective lease, and secondly,
4 because even though they are relatively minor mistakes I
5 think they do raise significant doubts on the validity of
6 other data that is included in the report.

7 *

8 My second point is that in light of the aforementioned lack
9 of personal familiarity with the impact area I find it
10 really remarkable that the EIS is punctuated with the
11 mention of so many assumptions in baseline research which
12 either has not yet been initiated or has not yet provided
13 conclusive results. Much of the NOAA research and that
14 by mass-sciences, socio-economic studies, research of
15 marine life and oil spill trajectories is either incomplete
16 or is not initiated - and a variety of these is mentioned
17 in the Impact Statement. It defies rational logic that
18 a decision on the lease should be made prior to the analysis
19 of this baseline research which alone can document the
20 actual costs and benefits which oil development will bring.

21 *

22 At least BLM must actively promote more rapid completion
23 of this research or provide means whereby future impact
24 statements will be required which will have the power to
25 change the development process prior to the actual initiation
of oil production.

1 Thirdly, although community inventories are included in the
2 EIS, to me they tend to be extremely sterile and incomplete
3 and treat communities as little more than dots or local-
4 ities placed on the map. I think the communities are
5 treated condescendingly as passive recipients of change
6 rather than as dynamic groups of human beings with succinct
7 life-styles, rights of self-determination and aspirations,
8 including attitudes towards the growth and development of
9 their own communities, and even that regarding the poten-
10 tial and implications of onshore developments from OCS
11 activity.

12 No research or mention was given to the aspirations which
13 these communities hold, in spite of the fact that these are
14 relatively easy to ascertain and will obviously be instru-
15 mental in determining the types of impacts that will occur.
16 Worse, the assumption is made that all communities are
17 homogenous, particularly the native ones, and that all are
18 equivalent in terms of both their approach to development
19 and the impacts that will occur in them. This is
20 totally erroneous.

21 Distinct differences exist among all of these communities
22 in terms of their attitudes towards OCS, how they antici-
23 pate impacts, the types of onshore facilities they would
24 like to have or dislike having.

25 *

1 I think it is the responsibility of an impact statement
2 to scientifically assess these community orientations and
3 to include this as information on which industry and agency
4 can make valid decisions.

5 *

6 Fourthly, I find there is a real lack of data and inform-
7 ation provided in the draft on the specific changes and
8 needs that will be created in communities affected by the
9 lease sale. Ideally an EIS is also an educational in-
10 strument - it should be able to predict the types of
11 specific developments likely to occur in the impacted
12 communities so that these communities will be capable of
13 confronting problems with foresight and planning, and may-
14 be even make potential decisions as to the desirability or
15 undesirability of petroleum development.

16 The types of changes made in the Lower Cook Inlet Draft
17 Environmental Impact Statement are much too general and
18 vague for any real constructive use by either the commun-
19 ities themselves or agencies working in these impacted
20 communities. For example: what will be the demands for
21 land use on the Homer spit should oil companies decide to
22 utilize this onshore facility; or do we know for another
23 example (although this is notably lacking in the impact
24 statement) that the City of Seldovia has a very limited
25 industrial land base - with the expectation that most

1 onshore development will occur in that community on land
2 selected by the village corporations.

3 Who will receive the benefits of development in Seldovia,
4 who will pay the costs and how will they be paid?

5 It may be impossible at present to project these specific
6 community problems and needs given a lack of information
7 from industry and the location of onshore facilities.

8 *

9 I would however strongly endorse the recommendation given
10 by the English Bay people yesterday requiring the issuance
11 of another Impact Statement once the exploration phase is
12 completed so that information of this type will be provided
13 to the communities prior to the impact, and on which com-
14 munity decisions and planning can be executed.

15 *

16 And finally, I believe that the Impact Statement did an in-
17 sufficient job in delineating alternative strategies and
18 policies under which leasing and development might take
19 place. It is a credit to the report that some of these
20 are considered however, again I would concur with the com-
21 ments of English Bay that alternatives such as withdrawal
22 of the sale were never rigorously discussed as they should
23 be under NEPA.

24 Equally, or more important I think, is the lack of detailed
25 discussion on alternatives over which local communities

1 in the Kenai Borough may have realistic opportunities for
2 exerting control - such as the isolation of worker con-
3 struction camps and onshore facilities from existent com-
4 munities, potential for the centralization of all onshore
5 facilities in the Kenai-Soldotna area which has already
6 been impacted by prior development.

7 I think it is essential that the full range of alternatives
8 and their potential implications be given detailed discus-
9 sion prior to the initiation of development.

10 *

11 Those I guess are my only specific comments at the moment.

12 *

13 JUDGE:

14 Are there any questions of Dr. Baring-Gould?

15 MEMBER FERRAND:

16 Am I led to believe that you will furnish more specific
17 details in writing before the expiration date?

18 DR. BARING-GOULD:

19 Yes.

20 MEMBER HOFFMAN:

21 Dr. Baring-Gould, one of the purposes of the hearing of
22 course is to learn of the errors in facts that might be
23 made or misconceptions that may be delineated - would you
24 be prepared to discuss some of those areas with us - -
25

*

1 DR. B. BARING-GOULD:

2 Oh yes, certainly. I think those ones that I mentioned
3 at the beginning - I don't know, they may just be typo-
4 graphical. It says that Homer doesn't have a sewage
5 system and obviously Homer does have a sewage system -
6 and those types of things. They could be typographical
7 errors, I don't know.

8 MEMBER FERRAND:

9 I was interested in your comment that Seldovia would
10 appear to be in certainly the path of likely deveoopment
11 of base operations - having been at one time on my trips
12 to Seldovia I would agree that there is NOT the land base
13 or even the potential land base there so long as the fish-
14 ing industry remains in Kachemak Bay. With that in mind
15 I am curious as to why you come to the conclusion that-
16 that is a likely place for them to go?

17 DR. B. BARING-GOULD:

18 Maybe I'm thinking of it more with respect to the people
19 in Seldovia - - Seldovia is one community which would
20 very definitely like to see onshore facilities as opposed
21 to other communities which are relatively opposed to it.

22 MEMBER FERRAND:

23 Is that because in recent years the fishing activities
24 there have been so depressed, especially the crab
25 operation?

1 DR. BARING-GOULD:

2 Yes, I think so. There certainly has been a history of
3 unemployment or lack of employment, the very limited tax
4 base in the community and aspirations for development
5 and perceiving OCS development as one means by which the
6 community can grow.

7 MEMBER TRUESDELL:

8 Doctor, in your opinion do you think there are sufficient
9 communities that DO want the development and can support
10 development without disrupting their lifestyle completely,
11 to give industry an ample choice and to hopefully avoid
12 going into an area where it could have a severe impact?

13 DR. BARING-GOULD:

14 I'm not sure. We're in the process now of performing
15 studies in the Kachemak Bay area which is trying to assess
16 this and we're just sort of in the middle of gathering data
17 on this research at the present time - I hate to say that
18 at the moment. I think there are very distinct differ-
19 ences between communities.

20 MEMBER TRUESDELL:

21 When will that research be completed?

22 DR. BARING-GOULD:

23 We have completed the interviewing in the Homer area, we're
24 doing it in the Anchor Point area now and will begin in
25 Seldovia within the next week or week and a half, probably

1 a month or month and a half at the most we should have
2 it completed.

3 MEMBER FERRAND:

4 Well needless to say we'll appreciate a copy of your
5 findings.

6 MEMBER GILL:

7 Who is that being done for?

8 DR. BARING-GOULD:

9 It's being done under a grant from the Alaska Humanities
10 by the University.

11 *

12 JUDGE:

13 Are there any other questions? (NO RESPONSE). Thank you
14 very much Dr. Baring-Gould.

15 Our next speaker is Mr. Millett Keller.

16 MR. KELLER:

17 Mr. Chairman, members of the Committee, my name is Millett
18 F. Keller. I am a resident of Anchorage and lived here
19 for thirteen years.

20 I would like to limit my remarks to the portions of the
21 report dealing with the OCS impact from the leasing on the
22 'quality of life', particularly focusing on one statement
23 that was made regarding the impact of the quality of life
24 in Anchorage - that it will continue its downward trend.
25 I take strong exception to the subjective and arbitrary

1 nature of such a sweeping generalization that assumes that
2 the current quality of life in Anchorage is headed down.
3 In particular, I find it very difficult to understand how
4 a term such as 'the quality of life' can even be measured
5 in such black and white terms. Quality of life is not a
6 physical property that you can set up an instrument and
7 measure.

8 I feel that in order to evaluate the impact on the quality
9 of life any report must look at both the negative as well
10 as the positive aspects of the impact. The quality of
11 life will be improved by certain impact and degraded by
12 others.

13 *

14 Since my arrival in Anchorage in 1963 I have had an oppor-
15 tunity to view the impact of the oil industry on the State.
16 During this period the oil industry has grown very rapidly,
17 the offshore fields in Cook Inlet have been developed, the
18 distribution and manufacturing facilities have been con-
19 structed on the Kenai Peninsula, the transportation
20 systems to deliver the Cook Inlet oil to the Lower 48 and
21 Japan have been implemented and the discovery and develop-
22 ment of the North Slope oil reserves has begun.

23 *

24 To the best of my knowledge, no significant environmental
25 problems have occurred as a result of the oil industry

1 operations in Alaska. The oil industry has successfully
2 contended with the Cook Inlet ice and tide problem, as well
3 as the rigors of Prudhoe Bay. The onshore facilities in
4 Cook Inlet as well as the TAPS construction effort are ex-
5 amples of successful long-range planning and environmental
6 awareness.

7 *

8 The oil industry has also made its facilities available for
9 educational purposes. Last year for example my daughter
10 spent a weekend with her fifth grade class touring the
11 Kenai and Swanson River oil field and refinery operations.
12 To me this is a unique opportunity for students to see a
13 manufacturing and business facility in operation. The oil
14 industry voluntarily makes these tours available to students
15 and any interested group that wants to view these facilities.

16 *

17 The oil industry has enabled the State to pave many dusty
18 roads, to provide additional airport and highway facilities
19 to a State which was too poor and had too small a population
20 base to finance an adequate highway network to its limited
21 number of citizens. Oil revenues have enabled the State
22 to expand its parks system, fish and game and fisheries
23 programs, as well as develop and finance a marine highway
24 system.

25 *

1 It is most important that the positive impact of socio-
2 economic factors as well as environmental factors be con-
3 sidered in an overall impact statement. In the area of
4 socio-economic impact, I can only say that during my
5 thirteen years in Anchorage I have seen many positive im-
6 pacts on the socio-economic life of Anchorage as a result
7 of the oil industry's activities.

8 I have been quite active in civic and cultural activities in
9 Anchorage. I have seen the oil industry play a vital role
10 in improving this aspect of life for all Alaskans. The
11 contributions made in the form of unrestricted grants to
12 the University of Alaska, the outright contributions to
13 support private fund raising efforts to upgrade our hospital
14 facilities, and construct a YMCA facility are adequate ex-
15 amples of positive socio-economic impact.

16 *

17 The oil industry has also contributed substantially to the
18 arts and other social organizations such as Salvation Army,
19 Junior Achievement and the Scouting programs. I have had
20 an opportunity to serve on the Board of Directors of the
21 Alaska Festival of Music and I can assure you that the
22 Festival would not be able to function without the enthusi-
23 astic financial support of the oil industry.

24 *

25 Not only is this positive socio-economic impart of the oil

1 industry felt in a financial way but also, and perhaps
2 even more importantly, in a leadership way. For example,
3 the oil companies encourage their management people to par-
4 ticipate in community affairs. Community programs such
5 as the YMCA, Chamber of Commerce and Community Chest have
6 been successful only because of the active participation
7 and leadership provided by oil company management people.
8 The oil company employees also contribute their voices to
9 the Anchorage Community Chorus, and their musical talent
10 to the Anchorage Symphony. Both of these groups have
11 improved enormously in both quality and quantity during
12 the thirteen years I have been in Anchorage. I can,
13 through personal knowledge, state that the oil industry
14 has had a most positive socio-economic impact on community
15 organizations.

16 *

17 The oil industry has willingly contributed its resources
18 to local communities in times of disaster. Recent ex-
19 amples include installation of temporary power generating
20 equipment and use of transportation equipment to assist
21 villages in distress.

22 *

23 It is important that these positive socio-economic factors
24 also be considered in any statement that evaluates the
25 impact on the 'quality of life'. For example, it would

1 be appropriate to include the estimated amount of contri-
2 butions to the Community Chest, local churches, capital
3 fund drives such as the YMCA and Providence Hospital fund
4 drives, as well as the potential donations to be realized
5 by the Scouts, Boys Club, and other such groups that will
6 occur as a result of increased oil industry activity in
7 Alaska.

8 *

9 In conclusion I can state that my personal experience would
10 indicate that of all the industries the State has to select
11 as partners in enhancing the quality of life in Alaska, the
12 oil industry would be far and away the best choice. No
13 other sector, including timber, fishing, Federal Government
14 or Military has contributed in as positive a manner as the
15 oil industry.

16 I

17 I feel it is important to the future of Anchorage that we
18 encourage, not discourage, the growth of the oil industry.
19 The oil industry has had an excellent track record to date
20 in Alaska, and I have no reason to believe that-that record
21 would change in the future. I would strongly urge that
22 the Federal Government move ahead as swiftly as possible
23 with the Lower Cook Inlet Leasing Program and also actively
24 study other potential leasing areas in the State.

25 Thank you!

1 JUDGE:

2 Thank you Mr. Keller - - are there any questions of Mr.
3 Keller? (NO RESPONSE).

4 Our next listed speaker is Dr. P. M. Wennekens - a private
5 citizen.

6 DR. WENNEKENS:

7 My name is Pat Wennekens - for background I have a BS in
8 fisheries, BSE in oceanography - in my professional career
9 I've been involved in quite a bit of applied sciences and
10 applied oceanographic sciences as far as that is concerned
11 in direct contact with the oceans. In the Navy I was
12 involved with some of the Men of the Sea Program, I worked
13 for the Corps of Engineers on coastal problems. I am
14 presently employed by the State of Alaska but I am appear-
15 ing here today strictly as a private citizen to make some
16 comments on the EIS and maybe to provide a little bit of
17 inside validity or lack of validity on some of the state-
18 ments made yesterday about some of the environments of
19 Cook Inlet.

20 I am not opposed to oil and gas development, I think oil
21 and gas development should proceed in the right spot and
22 in the right manner. I think the purpose of this hearing
23 is to insure that we learn enough and know enough to make
24 sure those two criteria are met - this will be the theme
25 of my response this time.

1 I make an oral presentation this time and I shall furnish
2 you with much detailed comments in writing later on.

3 *

4 Looking at the EIS there are certain issues about the EIS
5 that I am questioning and would like to have maybe a better
6 perspective put on the redrafting - the final draft of the
7 EIS later on.

8 The EIS pertains primarily to discussing the pros and cons
9 of the environmental impact on a set up tracts that have
10 been kind of preselected for lease - it is not essentially
11 looking at the whole Cook Inlet per se but looking at tracts
12 that would be - that it can select.

13 We hear about potential for tracts withdrawal, for de-
14 letion of tracts and maybe for abandoning certain tracts
15 for leasing at the present time. However, my reaction
16 to this is that while during the initial sale in Cook
17 Inlet, just because we make an issue right now that only
18 a certain amount of Cook Inlet can be leased at this time
19 I don't think we have any guarantee that there won't be
20 any future leases in Cook Inlet. If the industry by
21 having several thousand more miles of geophysical data
22 and become better acquainted with the structure of Cook
23 Inlet find that there are other potentials, my feeling is
24 that we can be assured maybe the whole of every square foot
25 of Cook Inlet could be leased. I feel that in that

1 regard the EIS is short-sighted by only discussing what
2 could be leased now and not taking into account the over-
3 all aspect of what can be leased in the Future. Many of
4 the arguments should be based on the overall aspect of
5 leasing in Cook Inlet rather than on selective tracts.

6 *

7 The second item about the EIS that I feel there should be
8 a real soul-searching on the part of the people that have
9 written it - - here I would like to make a comment.

10 I would support Dr. Baring-Gould's statement that the staff
11 of BLM has done a very conscientious and honest job of try-
12 ing to put things together but I do think that in the rush
13 of trying to put things together some things slipped through
14 the crack and I feel there is quite a bit of re-assessment
15 to be done on how this EIS should be looked at.

16 *

17 One thing that is kind of disturbing to me is the fact
18 that siting of vicinities puts sites in a national monu-
19 ment. Can Douglas put a site in the Kachemak Bar area
20 which has been an area that has had a lot of controversy
21 and is a critical habitat as far as the State is concerned.
22 This kind of approach essentially, according to my feelings,
23 shows there is a lack of sensitivity here. What are
24 the values that are important versus the importance of the
25 oil! I am not sure just how BLM would react about

1 essentially really putting in a site in the vicinity of
2 Douglas which is under the BLM's jurisdiction as a national
3 monument.

4 *

5 Anyway, I feel this is an area where the EIS should take
6 a hard look at - and here again, they are writing on the
7 other values that are involved.

8 *

9 We have heard a lot about baseline studies and how those
10 baseline studies can do certain things. I have looked
11 (and I am quite professional in that area) about what
12 'baseline' means what the primal factor are, but once you
13 look at the total of the way the baseline studies are being
14 presented the question I have is 'so what' - what does this
15 all mean in the course of action you expect to take, based
16 on the information you have presented?

17 Nothing in the document seems to indicate how this is
18 going to be effectively applied to really provide stipu-
19 lation and enforcement of measures that will really protect
20 the other resources. There are comments that we have
21 a map and I've plotted on the map the area of all the lease
22 sale tracts were classified as high biological risks.
23 What does this mean? This covers most of the tracts
24 that you have proposed for lease right now - - what does
25 this mean in terms of potential, what does this mean in

1 terms of taking measures to maintain the value of those
2 tracts?

3 *

4 This is not at all clear to me when I read the EIS on how
5 that can be done. So, again I feel that some kind of an
6 in-depth input into how this is going to fit into NEPA,
7 Corps of Engineers, regulatory agencies - - this certainly
8 should be spelled out.

9 Now there is a whole section again on the discussion of
10 the baseline studies. I have been engaged in doing quite
11 a bit of looking into Cook Inlet because really some of the
12 information is still scanty and we have been trying to
13 acquire a minimum understanding on the sensitivity of the
14 system to potential impact, or how can we control essen-
15 tially the operations so essentially the impact will be
16 mitigated?

17 *

18 I take strong exception and I would like to challenge the
19 industry to give us the data that they have to say that they
20 have no problem with the physical environment of Lower Cook
21 Inlet. We have collected the only public records of
22 some of the sites and pictures of the bottom of Cook Inlet,
23 and I can assure you that it is NOT a nice, quiet environ-
24 ment or a nonhazardous environment as the oil industry seems
25 to imply. We have large sand-waves, we find bottom

1 that has been heavily scarred by the currents, we found
2 bottoms that's especially heavy with rocks and other things.
3 It is a very dynamic bottom and certainly any structure in
4 the area is going to impact or interfere with the dynamic
5 processes and they're going to have problems - and we know
6 they have problems already with some of the structures in
7 the Upper Inlet and they went through exactly some of the
8 same problems in the Lower Inlet - so I'd like for them to
9 provide the data for them to say that they don't have any
10 problems.

11 *

12 Mention was made about the factor of ice not being a problem
13 in the Cook Inlet - I think this is a fallacy. I have
14 chatted briefly with the gentleman that made the statement
15 yesterday and he said 'I'm only talking about the ice in
16 the east area' - and I said 'you have to look at the total
17 problem of ice including the shore facility and access to
18 shore'. The only thing I can name for you is not that
19 it was restricted to the Ferris - - the only reason the
20 Ferris put its legs down is because it was dragged by wind
21 and ice out of position in the Inlet portion of Kachemak
22 Bay - and that situation essentially caused it to get into
23 another situation where they had some problems.
24 Ice is an extremely important factor in terms of oil
25 spill - ice is a sorbant, it will tie up maybe 40-to-50%

1 of the oil if it spilt. We know from the information we
2 have right now that the tendency of the ice will be to be
3 pushed towards the west side of the Bay and to accumulate
4 in the tamashaks which acts as a trap. Once tied in the
5 ice and once essentially put in an area the oil will be
6 retained for long periods of time.

7 *

8 On the information you have gathered with respect to the be-
9 haviour of birds we found that while we have some solid ice
10 sheets during the winter on the tamashaks side as soon as
11 some leaves begin to open up the birds begin to move in -
12 and if at that time the ice is being released we have a
13 real problem with the magnum birds and the other birds will
14 soon follow to the area. So ice is a problem, it's a
15 real environmental problem.

16 *

17 The real question I think that the EIS should dwell on in
18 a realistic way and also in greater depth is the problem of
19 who is going to enforce all this? We know and see the
20 stipulation about the order, we see the - what the respons-
21 ibility of a geological survey, BLM, Corps of Engineers -
22 we haven't seen anything about EPA down here though in terms
23 of their responsibility - but if you want to give the public
24 the feeling of security who is going to enforce the socio-
25 listic relation? We can make stipulations, we can make

1 plans, we can provide stipulations but the nitty-gritty is
2 to make them stick.

3 I think the experience of the pipeline surveillance is
4 that unless you have somebody on somebody's back all the
5 time there's a lot of things fall through the crack and a
6 lot of damage is being done.

7 *

8 So I think this is a question - that if the EIS really
9 wants to carry the message to the public and give the public
10 confidence that the operation will be safe they should really
11 discuss things very pragmatically and very seriously and not
12 just make statements about it.

13 *

14 The last issue that I have is an issue which reflects in
15 part on the citizens of the State and on part of the testi-
16 mony - some of the testimony given by Commissioner Mueller
17 yesterday which reflects some kind of a muted approach to
18 the State's willingness in looking at the Cook Inlet sale.
19 I have some questions in terms of on one side the tendency
20 is to take a very strong stand and ask to eliminate or buy
21 back leases in Kachemak Bay, and on the other side is to say
22 'well, it's alright to lease other parts of Cook Inlet'.
23 There is some inconsistency in that - - I feel there should
24 be some kind of consistency essentially in the approach of
25 how we look at Cook Inlet in terms of lease sales. While

1 this is not a direct involvement from the Federal Govern-
2 ment's point of view there is still a State-Federal re-
3 lationship and consistency as to the Cook Inlet.

4 My feeling is that we're looking at some sacrificial land,
5 essentially we try to sacrifice part of Cook Inlet so we
6 can get some concessions some place else. There I think
7 is a real crucial thing in terms of public trust in this
8 approach that Lower Cook Inlet has an extremely important
9 role for functioning for the renewable resources of the
10 State and for the nation. We cannot just freely and
11 offhandedly go back and forth on this.

12 *

13 Also, the fact is that there seems to be a down-play that
14 the roll-call community might not be impacted very heavily
15 and I take exception to this. I think that once you see
16 15-20 or several platforms going in the support facility
17 is going to be very large - there's only a few places where
18 people can stage out and have the shelter to do this, say
19 Homer, Seldovia - Kenai - the more exposed places - and we
20 are going to see that the impacts on the shore are going to
21 be just as severe as any have been yet - and long-term.

22 *

23 At this stage also I am questioning - - well, assuming the
24 impact monies are going to come in but the pace at which
25 things are going right now is not going to provide the things

1 at need time necessary to really plan how that money can
2 be spent.

3 *

4 I feel that you gentlemen state that you are here for
5 learning process - I think there's a long ways to go to make
6 this EIS essentially acceptable and really carry the message
7 to the people - the thing should be well thought-out.
8 I feel that a good redraft of the document is necessary.
9 We have had a lot of contact with the staff of BLM to do
10 this locally but I think a lot of more coordinated action
11 is necessary before development.

12 *

13 JUDGE:

14 Are there any questions of Dr. Wennekens?

15 MEMBER GILL:

16 Doctor, I'd like to ask you about the bottoms of the Bay
17 or the Cook Inlet portion where the development is now
18 relative to what is proposed, how do they compare?

19 DR. WENNEKENS:

20 I don't know - I've seen a few data on the site-scanner
21 sonor for the northern Inlet so we can see scarred channel,
22 we can see actively disturbed bottoms.

23 MEMBER GILL:

24 You mean because of the action of the currents?

25 *

1 DR. WENNEKENS:

2 The Upper Cook Inlet bottom is slightly different from the
3 Lower Cook Inlet. The Lower Cook Inlet (as far as we
4 can tell right now) is much more bottom-swept with a lot
5 over burden, it has a lot of cobbled pavements, rocky ex-
6 posures, large amounts of sand which is really dynamic - a
7 dynamic type of motion, it is not a static environment at
8 all.

9 We know for a fact when the Ferris was drilling off
10 Kasiloff they had some problem with erosion of the legs,
11 they had to provide some kind of shoring essentially of the
12 legs. I think they have some problem right now with the
13 Glomar ship drilling off the Forelands - - you can expect
14 I think - they have to have high elastic drums down there
15 but you can expect currents of around four or five knots
16 at the bottom. All indications are from what we have
17 seen in the record (and also we have TV shots) it is a very
18 active bottom.

19 MEMBER GILL:

20 Would it be current-wise faster in the Upper or the Lower
21 Inlet?

22 DR. WENNEKENS:

23 We don't have all the information down there but based on
24 the sedimentary data which gives us a clue it is a very
25 active bottom.

1 MEMBER HOFFMAN:

2 Dr. Wennekens, you discussed the siting that was mentioned
3 in the EIS, I think I should establish that those are not
4 siting proposals. What we identify are areas that had
5 physical characteristics that could establish proposals -
6 could establish shore sitings but then we also recognized
7 in the EIS that any sitings would be subject to any Federal,
8 State, local restraints that might be placed on those
9 areas - which by way of setting up scenarios those sites
10 were used. There certainly is no commitment that any of
11 those sites will be used.

12 DR. WENNEKENS:

13 Well I recognize that this was discussed in the EIS but to
14 me the fact that you would consider essentially part of a
15 national monument to be a potential site that could be
16 used- I think what I would like to personally see on this
17 is a feeling that there are certain values that are already
18 national values that should be out of the present concept
19 for the options. I feel that presenting it in that manner
20 essentially didn't carry the message that those values are
21 really being considered too wide for them therefore the
22 national monument was set aside.

23 MEMBER HOFFMAN:

24 One more brief item. Did I interpret you correctly that
25 you were at variance with the Governor's indication that,

1 he was not opposed to the Lower Cook Inlet sale?

2 DR. WENNEKENS:

3 Well, this is a personal thing, a professional thing - I
4 am somewhat at variance with the concept of - - without a
5 much tighter statement of what really we would like to
6 control in the area. I feel that on one side a lot of
7 emphasis has been put on taking back tracts that have been
8 leased and then on the other side they say 'we don't really
9 object to leasing tracts' maybe that would be not too far
10 from there on the impacts - the leasing might negate es-
11 sentially the effort to try to buy back some leases in
12 another area.

13 MEMBER WHEELER:

14 Dr. Wennekens, I want to thank you for a helpful statement.
15 I assume from what you have said that you find that neither
16 industry in this State nor we have addressed adequately
17 the importance of the marine environment on the Lower Cook
18 Inlet. I would only hope that is true that you will help
19 us by providing more specific comments on areas to be
20 further explored prior to preparation of the final Environ-
21 mental Impact Statement.

22 DR. WENNEKENS:

23 This is essentially one of the issues that we have been
24 arguing about - that this went headlong without the benefit
25 of having information on things that were lacking on the

1 information we have now. We are just now at the end of the
2 season beginning to pick up I think some substantial in-
3 formation which I believe can be of help in re-evaluating
4 such things.

5 The thing I think essentially should be done is that the
6 industry already has the information and we are collecting
7 twice the same thing, I mean there are sites that are
8 available and such and could this material be made avail-
9 able right away so essentially we can make a better under-
10 standing and evaluation on this.

11 MEMBER WHEELER:

12 But you will be in contact with BLM concerning your find-
13 ings on this matter?

14 DR. WENNEKENS:

15 Oh yes.

16 MEMBER WHEELER:

17 Thank you very much.

18 *

19 JUDGE:

20 Thank you Dr. Wennekens. Our next speaker is
21 Angie Dugick, who is an economist for the Cook Inlet
22 Region, Inc.

23 MISS DUGICK:

24 My name is Angie Dugick and I am an economist for Cook
25 Inlet Region, Incorporated, our address is 1211 West 27th

1 Avenue in Anchorage. Roy Hundorf, President of the
2 Cook Inlet Region, has asked me to testify on behalf of the
3 Region as he could not appear before you.
4 Cook Inlet Region Incorporated is one of thirteen regional
5 corporations established by Congress in 1971 through the
6 Alaska Native Claims Settlement Act. Under the Alaska
7 Native Claims Settlement Act Cook Inlet Region and its
8 villages have selected substantial tracts of land on both
9 the east and west side of Cook Inlet. But a Lower Cook
10 Inlet lease sale will definitely impact the villages of
11 Cook Inlet Region.
12 Our urban stockholders in Anchorage, Kenai and Homer, would
13 also be affected by oil exploration and development in the
14 Lower Cook Inlet.
15 Cook Inlet, Inc. is in favor of the proposed Lower Cook
16 Inlet OCS sale. The Draft Environmental Impact Statement
17 is not completely adequate and much study and planning does
18 remain to be done. However, the Region feels that the
19 proposed lease sale will have positive benefits on the
20 nation, the State of Alaska and its citizens, and on our
21 stockholders.
22 We feel that the necessary oil and gas exploration can be
23 performed with a minimum of risk to the environment in
24 Lower Cook Inlet as has been demonstrated through the
25 drilling activities in the Upper Cook Inlet and on the
North Slope.

1 it is our opinion that the oil industry in Alaska has an
2 acceptable record of environmentally safe and efficient
3 performance. We have no reason to think that their ef-
4 forts to minimize the impact on the environment will
5 diminish in the Lower Cook Inlet. Moreover, development
6 of the oil fields in the Upper Cook Inlet and on the North
7 Slope has provided experience which will enable drilling
8 and production in the Lower Cook Inlet to be carried out
9 even more safely and effectively.

10 *

11 The entire United States, not only Alaska, will benefit
12 from any oil discoveries made in the Lower Cook Inlet.
13 Our dependence on imported foreign oil has steadily in-
14 creased since the Arab oil embargo and has reached a
15 dangerous level. Proponents of the proposed lease sale
16 feel that oil conservation efforts should supplant the re-
17 search for new oil reserves, however, the evidence indicates
18 that conservation efforts have had only limited results,
19 despite the public education programs in effect.

20 *

21 Per capita oil consumption in the U.S. has dropped sharply
22 during the year after the Arab oil embargo but has risen
23 steadily since then and per capita consumption will soon
24 exceed the pre-embargo level. Not having had to wait
25 in gasoline lines during the oil embargo like our fellow

1 citizens in the Lower 48, we Alaskans are not aware of the
2 dangers of dependence on Arab oil.

3 Any oil discoveries in the Lower Cook Inlet Basin will
4 help relieve our dependence on foreign oil and may provide
5 the breathing space necessary to develop a long-term energy
6 solution.

7 Oil exploration and production in the Lower Cook Inlet
8 will benefit the State of Alaska and every citizen in this
9 State. The State of Alaska will realize increased
10 tax revenues from oil companies and support industries
11 operating from the Lower Cook Inlet who will be paying the
12 State income taxes. This State has always proven itself
13 able to spend any increased revenues and some of the spend-
14 ing has gone into programs which benefitted the less for-
15 tunate Alaskans.

16 In addition, the State and municipal governments will re-
17 ceive more tax revenues from citizens employed by oil and
18 support companies operating in the Lower Cook Inlet. The
19 benefits of these increased tax revenues accrue to all
20 citizens of Alaska - the more taxes paid by the industry
21 the lower the tax burden on each individual Alaskan who
22 would otherwise have to make up the difference.

23 *

24 *

25 *

1 Cook Inlet Region feels that our stockholders would benefit
2 from the economic spinoffs from the proposed lease sale
3 as would all citizens of Alaska. In addition to the
4 lower tax burden of these citizens, oil exploration and
5 production would provide employment opportunities in the
6 petroleum industry, related-support industries and the
7 service industries which accompany economic growth.

8 *

9 In conclusion, Cook Inlet Region supports thoughtful,
10 orderly, planned development in the Lower Cook Inlet
11 Basin.

12 Thank you for this opportunity to be heard.

13 *

14 JUDGE:

15 Any questions?

16 MEMBER GILL:

17 I'd like to ask you: are all the villages around Cook
18 Inlet a member of your Association?

19 MISS DUGICK:

20 Not all of them, Chugach Natives is the other Region
21 that is in the area. Cook Inlet Region includes the
22 villages of Ninilchik, Knik, Eklutna, Tyonek on the west
23 side of the Inlet. We have stockholders in Kenai - -
24 most of our stockholders are in the Anchorage area but we
25 have some in Homer, Seldovia - that's also one of our
villages.

1 JUDGE:

2 Thank you very much. Any further questions?

3 MEMBER WHEELER:

4 I guess we need not tell you that the position you take on
5 behalf of Cook Inlet varies considerably from that of the
6 other native representatives and particularly those in
7 Port Graham and English Bay. I understand that they are
8 not in the same region but one of the issues I suppose that
9 any native representative would have to discuss in making
10 the kind of recommendation you have made to us is this
11 question of cultural integrity. How would you respond
12 to the concerns expressed by other native groups to this
13 panel concerning the impacts upon their lifestyle by the
14 proposed development? Clearly you've struck the
15 balance and came out with a different conclusion and I am
16 curious to know why.

17 MISS DUGICK:

18 There are several different approaches to your question
19 and I'd like to point out that the villages - - - I can
20 only speak for the region, I do not speak for any of the
21 villages at all. As Dr. Baring-Gould ably pointed out,
22 natives differ, they are not a homogenous group, each one
23 has a different feeling, a different approach.

24 *

25 *

1 MEMBER WHEELER:

2 May I say I think you are very candid in admitting that
3 the region and the villages have different, quite different
4 economic interests.

5 MISS DUGICK:

6 Yes, definitely. We are interested in all of our stock-
7 holders and the villages naturally are interested in their
8 stockholders which is right.

9 Our villages have selected substantial areas of land on
10 both sides of the Inlet, some of them naturally - - - well,
11 I'm not sure and I can't speak for any one village - - -
12 but some of them are very interested in having development
13 and onshore facilities located on their land because of
14 the economic benefits to their people. They don't reside
15 in some of the areas they have selected so naturally it
16 would not affect their lifestyle, especially the ones that
17 have selected efficiency lands across the Inlet - however,
18 each village would be able to decide that in conjunction
19 with the oil companies because I don't think that the oil
20 companies are going to go anywhere they feel there is a
21 hostile environment on the land, a hostile feeling. Also,
22 since the villages do have title to their land, no one,
23 including the oil companies, could force their presence
24 on it. So I feel that the people of Port Graham and
25 English Bay and their village corporations feel that way

1 and I would suspect that they also have claimed those lands
2 around their villages. They cannot be adversely impacted
3 by direct onshore location. But now as for the impact
4 surrounding that might occur in the area, I think there
5 should possibly be some safeguards and especially for com-
6 munities that do subsist on the land, to protect their
7 livelihood as their livelihood is totally subsistence foods
8 and there should possibly be some safeguards taken.

9 *

10 Our villages are not basically subsistence economy, they
11 are mainly urban populations - there is some subsistence in
12 Ninilchik which is dependent on the fishing industry in
13 Homer but it is not totally subsistence economy. So our
14 interests are naturally different.

15 MEMBER WHEELER:

16 There's a pretty clear distinction between the position you
17 might take in attempting to contain the impact of lands
18 which are not used for subsistence purposes and those of
19 the natives which reside in the villages and do subsist on
20 subsistence.

21 MISS DUGICK:

22 Some of our villages are very interested in having onshore
23 facilities located on their land so they can realize the
24 economic benefits. Our Land Manager at the region is
25 a member of the Board of Directors of the Seldovia Native

1 Corporation and he tells me that the Board of Directors
2 is actively working to encourage all support industry to
3 come into the area . As Dr. Baring-Gould pointed out
4 the economic benefits that would accrue to the entire
5 community - -part of the economic gains for the oil
6 companies is also public economic and social gains because
7 of the spinoff effects which accrue to all members of
8 society -- when one member pays taxes or infuses an amount
9 of money into the local economy.

10 *

11 JUDGE:

12 Any other questions? (NO RESPONSE).

13 Thank you very much Miss Dugick.

14 *

15 We have received word that the representative for the
16 Chugach Natives, Incorporated is going to file a written
17 statement rather than appear personally.

18 *

19 This now concludes the people that are on our list up to
20 this point and we would like to know if there are any other
21 persons present who would like to be heard at this time.

22 (NO RESPONSE).

23 That being the case we will have a fifteen minute recess
24 at this time and then return and see what the circumstances
25 are at that time.

SHORT RECESS HERE!

1 JUDGE:

2 We would like to know now whether or not there have been
3 any persons who have come in who have not had an oppor-
4 tunity to speak would like to be heard at this time.

5 Very well this gentleman - if you will state your
6 name and address and the organization which you
7 represent.

8 MR. TETPON:

9 My name is John Tetpon and I am working for the North
10 Pacific RLM Native Corporation. We have not had a chance
11 to do any extensive review of the Impact Statement but I
12 took a cursory look at it this morning. I would like to
13 say that we will submit a written statement before the dead-
14 line which I believe is September 10th, right?

15 JUDGE:

16 That is correct. Thank you very much Mr. Tetpon.
17 Are there any other persons that would like to make any
18 comments at this time?

19 Yes sir, would you please state your name, address and
20 affiliation.

21 MR. PROPES:

22 My name is Carl Propes and I am the Land Director at
23 Chugach Natives, Inc. At this time Chugach has decided
24 to withhold most of its testimony and submit that in
25 written form by the September 10th deadline. But we do

1 feel there are several deficiencies present in the Impact
2 Statement that should be pointed out at this time.
3 First of all, we are generally dissatisfied with the rather
4 superficial research which has gone into the socio-economic
5 profiles of the native villages involved. For instance,
6 nearly all the data compiled for the village of Port
7 Graham is based on, if not quoted verbatim, from the
8 village's comprehensive development plan. This plan
9 although adequate for its original purposes, was compiled
10 and written during the summer of 1972 by a single graduate
11 student on assignment from Colorado as an internship
12 project. We feel that the changes in the socio-economic
13 composition of Port Graham from 1972 to the present time
14 deserves more specific on-sight attention than this. And
15 Port Graham is just an example. I am sure that English
16 Bay, which is the other village in the impacted area in
17 the Chugach Native region, also has been given similar
18 superficial treatment.

19 *

20 Secondly, although Chugach Natives Incorporated is aware
21 of the relative ignorance of the oil industry concerning a
22 precise location and extent of deposits in a lease sale
23 area, that is until exploration is conducted, we do not
24 agree that this excuse is sufficient to absolve all
25 responsibility for the planning of related onshore
activities.

1 Although it is difficult at this stage to determine the
2 future needs for refineries, L&G facilities, tank farms,
3 petrochemical plants and secondary support and staging
4 facilities, estimates within a certain range of error may
5 be made. For instance, barging, small boat and heli-
6 copter trip times from various locations in the sale area
7 to all potential supply ports could be made.
8 These, when combined with such data as which facilities
9 already exist and where they are located, together with a
10 multitude of costs and expenses involved in upgrading
11 these facilities would result in appropriate cause and
12 benefit studies, which in turn would allow the prioritization
13 of alternative centers for development.
14 All possible variables would have to be incorporated into
15 such calculations. Even the effect which sited one-time
16 development say in Kenai, the effect this would assert on
17 other development elsewhere should be considered.

18 *

19 Chugach Natives, Incorporated feels that sufficient in-
20 formation exists at this time to predict (if only tenta-
21 tively) the profits and dispersal of related onshore im-
22 pacts so that planning may commence immediately for them.
23 If such planning is postponed any further the local
24 residents will find themselves coping with rather than
25 planning for this impact.

1 Thirdly, the Chugach Natives Incorporated wishes to em-
2 phasize that even the most impermanent onshore facilities
3 built during the first stages of the exploratory drilling
4 period will play a vital part in determining where more
5 permanent onshore facilities are later situated. In
6 other words the multiplier effect becomes a force to be
7 reconed with here. One small dock may provide suf-
8 ficient reason to construct a larger one and another one,
9 almost ad infinitum.

10 *

11 We must recognize now the transportation and development
12 patterns which are adopted by those exploring in the Lower
13 Cook Inlet will undoubtedly become the foci for much of the
14 future development in the entire region - and such far
15 reaching consequences must not be belittled.

16 *

17 The reason for our deferring actual judgment on this as
18 proposed is that we feel the testimony of English Bay yester-
19 day and Port Graham which you will be hearing tomorrow in
20 Homer - the only two villages (as I mentioned earlier) in
21 the Chugach region in this area, will speak for themselves.
22 Contrary to Cook Inlet Regional Corporation which testified
23 earlier and which many of its stockholders are scattered
24 throughout the entire Cook Inlet region, most of them are
25 stockholders in that area and are located in those two

1 villages and so we feel that the villages themselves should
2 have the primary input into this hearing process.

3 Thank you!

4 JUDGE:

5 Are there any questions?

6 MEMBER WHEELER:

7 Can we assume from what you have just said that the Region
8 would endorse the position taken by the villages, whatever
9 that turns out to be?

10 MR. PROPE:

11 Well at this time we do not foresee the villages concurring
12 (those two villages) concurring on their ambitions in what
13 impact they hope to receive from this development.

14 MRMBER WHEELER:

15 You're suggesting that they may not agree among themselves?

16 MR. PROPE:

17 Exactly. Which is why we try to steer a middle course
18 here and not really commit ourselves - we feel it is primar-
19 ily up to the villages, not the region.

20 *

21 JUDGE:

22 Are there any other questions? (NO RESPONSE). Thank
23 you very much Mr. Propes.

24 *

25 *

1 JUDGE:

2 Are there any other persons that would like to be heard
3 at this time? (NO RESPONSE).

4 Alright, that being the case - - I think I should further
5 emphasize the fact that written statements may be filed
6 until September 10th, the address for that is set forth in
7 the written material which is available at the table at the
8 rear of the room.

9 This proceeding will now recess at this time and tomorrow
10 morning we will resume again in Homer at 9:00 A.M.

11 The original site of that hearing was in a high school,
12 however, as I understand it-it will now be in one of the
13 elementary school, that will be the East Homer Elementary
14 School.

15 At this time we are in recess until tomorrow morning at
16 9:00 o'clock.

17 RECESS

18 UNTIL

19 THURSDAY

20 MORNING

21 IN

22 HOMER.

23 *

24 *

HEARING SCHEDULE

(Only starting time is definite. Testimony is limited to 10 minutes unless otherwise indicated. Witnesses are in order listed.)

Thursday, August 26

Begins promptly at 9:00 a.m. ADT.

1. Kenai Peninsula Borough - Don Gilman, Mayor
2. City of Homer - Larry Farnen
3. David C. Smith, private citizen
4. Manley Terminals - James C. Manley, Owner
5. Watusi Tours - Roxie A. Schade, Owner
6. Schade for Senate - Lloyd Schade
7. AK Subarctic Offshore Committee*
Dr. Frank J. Hester
Jesse P. Johnson
(Approx. 55 minutes of 1 3/4 hrs allotted)
8. Jean Douglas, Kenai Borough Assembly
9. Ability Surveys - Jerry Anderson
10. City of Seldovia - City Mgr. Ed Glotfeltte
11. Brother Asaiah, private citizen
12. City of Seward - City Mgr. or Mayor
13. AK Conservation Soc., Kachemak Bay Chapter - Nancy Lord
14. Homer Chamber of Commerce - Dave Derry, Pres.
15. City of Kenai - Mayor Jim Eilson
16. Automotive Parts & Equipment - John C. Overway
17. Brig. Gen. B. B. Talley, U.S. Army, Ret.
18. City of Soldotna - Mayor Lorraine Knight
19. Port Graham Corp.* - James W. LaBelle, Sr.

*Advance permission has been granted for additional time.

20. Ken Castner, private citizen
21. Offshore Constructors - Ralph Oxenrider, V.P.
22. Marine Biology Consultant - Daniel Hennick
23. Cook Inlet Council on Alcholism - Joyce Nelson
24. David L. "Beaver" Bentley, private citizen
25. Univ. of AK, Dept. of Psychology - Prof. Marie C. Doyle
26. North Pacific Fisherman's Assoc. - Paul Jones, Vice Pres.

HOMER, ALASKA

THURSDAY, AUGUST 26, '76

ADMINISTRATIVE LAW JUDGE JOHN F. COOK presiding:

Good morning, my name is JOHN COOK, I am an Administrative Law Judge for the Department of the Interior and I have been appointed to conduct this hearing.

As you know, this hearing is being held for the purpose of receiving comments and suggestions as to the accuracy of of the Draft Environmental Impact Statement, which relates to the leases - as to the sale of oil and gas leases for 152-tracts on the Outer Continental Shelf which is off-shore in the Lower Cook Inlet.

*

This Impact Statement was made available to the public on July 13th of this year. This hearing will provide the Secretary of the Interior with information to help evaluate fully the potential effects which the possible offering of these tracts would have upon the environment in this entire area.

*

The Department of the Interior has appointed a panel to receive your comments and I'd like to introduce those people here. Proceeding from my left we have Mr. James Gill, who is the Deputy Assistant Secretary of the Interior for Energy and Minerals; then to his side is

1 Douglas P. Wheeler who is Deputy Assistant Secretary of
2 the Interior for Fish, Wildlife and Parks; Mr. Chris
3 Ferrand, Deputy Assistant Secretary of the Interior for
4 Land and Water Resources; Donald Truesdell who is Deputy
5 Assistant Director of Minerals Management for the Bureau
6 of Land Management; and Mr. Edward Hoffman, Manager of the
7 Alaska OCS Office for the Bureau of Land Management.
8 We have technical advisors also who are here to assist
9 and they are (starting at my left) who is the Oil and Gas
10 Supervisor for Alaska, U. S. Geologicay Survey; then Mr.
11 Donald Henninger, he is Chief of the Division of Environ-
12 mental Analysis in the Alaska OCS Office; and finally, Mr.
13 Jerry Imm, who is the State Coordinator for the Alaska
14 OCS Office.

15 *

16 Now in order that we may conduct a fair hearing there are
17 certain procedural guidelines which we must observe. We
18 have provided a copy of those guidelines at the registra-
19 tion desk so that you may have them available to you, and
20 also for those folks who will be arriving later they will
21 understand what our procedures are.

22 I would highlight a couple of these though -there will be
23 a reporter taking a transcript of this hearing and there-
24 fore to insure a clear and accurate record only one person
25 will speak at a time.

1 Since this is not an adversary hearing the parties who
2 are present to make their views known of course will not
3 be placed under oath and there will be no interrogation
4 of any speakers, excepting that there may may instances
5 where members of the panel might like to understand better
6 your position on specific points so they may ask you some
7 questions - but they will wait until you finish your
8 presentation.

9 The members of this panel of course are here for the pur-
10 pose of gaining information - they are supposed to obtain
11 an understanding of all the facts concerning this proposed
12 sale and particularly your views and the views of all in-
13 terested persons. However, there is no questioning which
14 should be conducted with these people because their concern
15 here is merely to learn what the circumstances are.

16 *

17 We will call the speakers in the order that is set out on
18 the hearing schedule which has been put together with all
19 of the registrations for the hearing today. We have had
20 one particular request for a change here (for some personal
21 reason or another) therefore we are happy to call that
22 speaker out of order. The oral presentation should be
23 approximately ten minutes so that all people have a chance
24 to talk. We have some instances where there are certain
25 groups who because of their size have been previously

1 allotted more than ten minutes because of the size of the
2 group they represent. I will inform you when you have
3 about a minute left and of course if you want to elaborate
4 further you may certainly supply a written statement at
5 the registration desk. Of course it will be helpful
6 if you do have an extra copy that you give the reporter a
7 copy and give the people here at the desk a copy also.

8 *

9 After we have completed the presentations of the people who
10 have already registered on the list, if anyone else is here
11 and would like to be heard they may be heard at that time.
12 If you have not as yet registered we'd appreciate it if you
13 would do so at the registration or information table,
14 giving your name and let them know that you would like to
15 speak later.

16 Now at this time I would like to call upon Mr. Chris
17 Ferrand who will make a short introductory statement.

18 MEMBER FERRAND:

19 Thank you Judge Cook. Good morning ladies and gentle-
20 men, on behalf of the panel we are happy to be here in
21 Homer this morning. It is a rare privilege for many of
22 us to come to this part of the world and we're enjoying it
23 very much. In any case, I want to supplement Judge
24 Cook's remarks and say that we are here to listen to and
25 to consider the comments of anyone or everyone who wishes

1 to appear and speak before this hearing today.

2 Now I'd like to list five points contained in Section
3 102 2(C) of the Environmental Policy Act which is the
4 section that provides for the preparation of environmental
5 impact statements. The five points include the environ-
6 mental impacts of the proposed action; any adverse environ-
7 mental impacts which cannot be avoided should the proposal
8 be eventually implemented.

9 Then third is the alternatives to the proposed action,
10 (including, I might add) the alternative of no action it-
11 self. Special regard as to feasibility and environment-
12 al impact involving the course discussed.

13 Fourthly, the relationship with the short-term local uses
14 of the environment versus the maintenance and enhancement
15 of the long-term productivity; and lastly the irreversible
16 and irretrievable commitment of resources which would be
17 involved in the proposed action (again), should it be
18 implemented.

19 I want to assure you that we will consider very carefully
20 the comments you provide and the views you express. The
21 Draft Impact Statement is not supposed to be nor is it meant
22 to be a justification or prepared in support of the proposed
23 action - it is merely an examination of the environmental
24 factors plus the possibilities of the proposed action and
25 alternatives to that action.

1 Those are the points we hope to deal with today - and so
2 I think without any further adieu we can begin with our
3 witnesses.

4 JUDGE:

5 Very well - as we call each of the speakers we would
6 appreciate it you will sit up here at the table (be sure
7 to speak into the microphone so that people can hear you)-
8 state your name, address and organization.
9 Our first speaker is the Honorable Don Gilman, who is the
10 Mayor of the Kenai Peninsula Borough.

11 MAYOR GILMAN:

12 My name is Don Gilman, address Box 850, Soldotna, Alaska,
13 99669. Judge Cook, members of the panel, first let
14 me welcome you to the Kenai Peninsula and to the City of
15 Homer. The entire Peninsula community is pleased with
16 your decision to hold part of the hearings on the Draft
17 EIS in this city.
18 I have been an interested bystander in the last two days
19 of hearings in Anchorage. To my knowledge, only two of
20 the persons who testified were residents of this Borough.
21 The prime purpose for our request to you for a hearing
22 here was to allow the citizens of the area greatest af-
23 fected by the proposed lease sale to have an opportunity
24 to speak without spending time, money and energy traveling
25 to Anchorage.

1 You will hear today a variety of testimony, some that will
2 contradict testimony given in Anchorage in relation to
3 native communities. While there may be different points
4 of view, pro and con, there are two subjects that you will
5 find that will run true in all testimony. The concern
6 for protecting the environment, and the concern that local
7 communities may not have the necessary input into determin-
8 ing their growth and development. All of the municipal
9 governments (providing the weather cooperates) within the
10 Borough will testify today. As Dr. Baring-Gould stated
11 yesterday, the communities' aspirations are different.
12 They will range from the tax-base starved community of
13 Seward (which is just now recovering from the Good Friday
14 1964 earthquake) to the testimony from English Bay that
15 you witnessed Tuesday. These differences make planning,
16 which is a Borough function, doubly difficult.

17 *

18 The Kenai Borough is a general law municipality created
19 under the Mandatory Borough Act of 1963. It encompasses
20 the entire Cook Inlet except for approximately 50-miles of
21 its northernmost section. This is a rural community,
22 25,000 square miles in scope, very much similar to some
23 western States' counties, except larger. It has all
24 the attributes of rural America and is looking at all the
25 problems of a merging urban, industrial society. It was

1 incorporated as a Second Class Borough on July 1, 1964,
2 with a Mayor-Assembly form of government. A Second Class
3 Borough is differentiated from a First Class or Home Rule
4 Rule Borough by the fact that the citizens give the govern-
5 ment power by ballot. For instance, we do not have a
6 Borough police force, fire department, etc, because the
7 residents have not required these services Borough-wide
8 Each city provides these services which it funds and
9 controls.

10 *

11 The Kenai Borough was born as an oil-oriented government.
12 Some anti-oil persons say it was born with a southern
13 drawl, some other Boroughs say it was born with a silver
14 spoon in its mouth. At any rate, Standard Oil of
15 California advanced the Borough government funds to
16 establish its original functions of education, planning,
17 assessment and collection of taxes.
18 Over 95% of all the oil and gas production of Alaska has
19 come from the boundaries of the boundaries of the Kenai
20 Borough. We have lived with petroleum development
21 since 1957 when the Swanson River oil reserve was dis-
22 covered. We have experienced an oil boom in the Kenai-
23 Soldotna area. We know what results State and/or
24 national decisions may have at the local level. As muni-
25 cipalities we have experienced the impact of the Lower

1 Cook Inlet sale simply by the increased demands for in-
2 formation that befall City Managers from all sorts of
3 sources. We have seen police forces and public works
4 forces literally wiped out in one day when big pipeline
5 money, in comparison to municipal salaries, were waved in
6 front of the workers.

7 *

8 The goal of the Kenai Peninsula Borough is to maximize the
9 benefits to our residents of any development which may
10 occur as a result of the proposed lease sale in Lower Cook
11 Inlet. In order to attain this goal, we need to know
12 what may happen, the current state of our communities, and
13 what preparation is needed to accomodate onshore activi-
14 ties related to OCS development

15 *

16 We are looking forward to the Draft EIS on the proposed
17 oil and gas leasing in the Inlet. We hope that this
18 document will provide city and borough officials the in-
19 formation they need to evaluate and prepare for the effects
20 of OCS development. We had hoped to obtain specific im-
21 pact information which would enable us to prepare a pro-
22 gram to efficiently utilize the assistance forthcoming
23 under the recently established Coastal Energy Impact
24 Program. Unfortunately, the impact information which we
25 need and expected has not been provided in the Draft EIS.

1 I am here today to identify specific impact information
2 we feel is absolutely necessary before we can adequately
3 evaluate, plan and prepare for OCS development. We hope
4 that our testimony will assist your efforts to prepare a
5 final statement that contains the specific impact inform-
6 ation which we believe a thorough impact statement must
7 contain.

8 *

9 To simply provide the total number of people directly and
10 indirectly employed is not enough for a reasonable impact
11 assessment, nor is it adequate for local government
12 planning. We need a much more specific estimate of the
13 population composition.

14 We ask that the following questions be answered in the
15 final EIS: How many of the total workers are likely to
16 be camp-based, as opposed to seeking their own housing in
17 the communities around the development site? Of those
18 workers that will provide their own housing, more specific
19 information is required. What percentage will be
20 married? How many of the children will be school age?
21 At the very least these answers are necessary to estimate
22 the impact that induced population growth will have on
23 communities and the Kenai Peninsula Borough School
24 District.

25 *

1 From workers who are employed, the primary impact is
2 inflation. There are references to this in case studies
3 of Fairbanks and Valdez but we find no mention in the DEIS.
4 If estimates can be made available to us regarding demand
5 characteristics of the employed workforce, perhaps one
6 cause of inflation (short supply) can be alleviated in
7 some areas like housing and service facilities such as
8 hotels and motels. Estimates of unemployment among job
9 seekers have been made in the Trans Alaska Pipeline studies
10 in both Fairbanks and Anchorage. We find no estimates
11 for the workforce-job seeker relationships in the DEIS.
12 We are looking to the OCS office to provide these relation-
13 ships, or at least profile the induced employed and un-
14 employed population more specifically than has been done.

15 *

16 We need more specific relationships defined for the
17 workers in terms of whether or not the employer is an oil
18 company, or whether the employer is another firm which is
19 on a short-term contract to the oil company. This relation-
20 ship must be established because it is the service contrac-
21 tors who provide the bulk of total employment.
22 The net benefits and costs are not adequately treated in
23 the DEIS. Capital projects in petroleum development
24 usually generate enough revenue to cover the costs of the
25 impacts they cause. However, there are significant time

1 lags before the revenue is realized. Benefits are
2 usually long-range and regional, and costs are immediate
3 and local. Impacts arise just as soon, or before con-
4 struction starts. Tax revenues from the project arrive
5 only after the facility has been assessed and placed on
6 the tax roles.

7 *

8 What are the cost-benefit relationships and how long does
9 it take for the two to reach equilibrium? We expect
10 this to be treated in the DEIS. Three studies referred
11 to in Rapid Growth from Energy Development (HUD's study in
12 1976) which mention time periods of 25, 33 and 15-years for
13 the fiscal impact to balance. In the first place, we
14 saw no mention or review of these studies, and then in the
15 second, we saw no quantitative estimate of benefits or
16 costs. Additionally, we need a more specific distri-
17 bution of the tax base. If the population growth occurs
18 in the cities and the tax base is located outside the
19 cities, the impact situation may be even more severe.
20 The Anchorage Borough estimates that subdivisions by them-
21 selves cost more than the revenue generated by taxes and
22 income effort. Why was this issue not treated or at
23 least recognized?

24 *

25 *

1 We need a better profile of the construction force, and
2 general population growth altogether. We need this in-
3 formation in order that we may begin to address the
4 issues of supply and demand. For example, what will be
5 the per capita relationships and demand for water and
6 sewer? What are the effects of additional demand for
7 the wildlife and other recreational resources? We find
8 continual mention in the DEIS that there will be impact,
9 but no assessment of how much or over what time periods.

10 *

11 I am going to use the example of onshore support bases to
12 exemplify the requirement for more information - inform-
13 ation that is critical to our being able to plan for the
14 proposed development. I quote from page 915 of the
15 Draft:

16 "The establishment of new onshore support
17 bases would affect nearby communities,
18 the extent of which will depend upon
19 demands made of public services".

20 This is not enough! We need to know WHAT demands and the
21 range of Different types of demands. What is the fresh
22 water demand in gallons per day or gallons per minute?
23 What kind of dock facilities are required in terms of
24 length, width, per capita and staging area? What is the
25 required capacity of the cranes? What will be the

1 kilowatt requirements for electric power? What are the
2 harbor requirements in terms of depth, turning area and
3 harbor protection? What about fire fighting equipment?
4 What about communication systems, security or police re-
5 quirement; waste water and solid waste disposal? What
6 about the increased traffic?

7 *

8 We found no reference to the fact that Seldovia (one of
9 the identified potential sites) has had a critical fresh
10 water supply for the past several years and presently
11 draws water from a creek. We found no reference to
12 information from Homer Electric Association informing
13 cities that there will be a critical shortage of electric-
14 al power supply this winter.

15 *

16 Except for the southern end, the sale area lies completely
17 within the Kenai Peninsula Borough. We do not feel that
18 the Draft is site specific. We understand there will
19 be significant impact outside the Borough, but we also
20 note that every potential site chosen lies within the
21 Borough. We need much more information if we are to
22 plan for the development. We need substantial input
23 in the section on mitigating measures because this is an
24 important measure in establishing the conditions under
25 which the development will take place.

1 You may be aware that the Borough is working on a
2 \$90,000 Coastal Zone Management Outer Continental Shelf
3 impact planning grant. I would like to make some points
4 about this grant: First, \$30,000 comes directly from
5 Borough funds; Second, it is being coordinated with Dr.
6 Baring-Gould's study of Kachemak Bay (so we don't duplicate
7 efforts). Third, we had six months to accomplish a two-
8 year job; fourth, when you weigh the amount of money spent
9 on the EIS with this \$90,000 grant you will understand why
10 we are concerned about the lack of specifics in the study.
11 We will have to dig them out!

12 *

13 In summary, we will not be able to plan for the onshore
14 effects of OCS development without the impact information
15 we have requested here and will continue to request. We
16 can NOT find any compelling reason to NOT support the
17 leasing effort of Lower Cook Inlet. However, we cannot
18 accept the DEIS as a definitive statement of the impact
19 on our communities.

20 Therefore, we will adopt the following policy toward the
21 Lower Cook Inlet leases:

- 22 1) We will make available to the Outer Continental
23 Shelf office any assistance we can render.
- 24 2) We will work actively to support the English Bay
25 concept of two Environmental Impact Statements

1 one before the lease and the community
2 impact before development. If need be
3 we will approach our Congressional dele-
4 gation to introduce such legislation.

5 3) We will work actively with the Department of
6 Commerce, Coastal Zone Management Division,
7 and the Governor's Coastal Management group
8 to insure maximum input into drafting the
9 regulations for the implementation of the
10 amendments to the Coastal Zone Act. And
11 finally

12 4) We will recommend to our Borough Aseembly that
13 we devote as much of our time, energy and
14 financial resources as we can afford to see
15 that citizens of the Kenai Borough do receive
16 the maximum benefits of this sale

17 *

18 We have prepared a lengthy written critique of the Draft,
19 which will be submitted prior to September 10, 1976.

20 *

21 Again, thank you for spending your time in our community,
22 it is much appreciated!

23 I will be happy to answer any questions you may have.

24 *

25 *

1 JUDGE:

2 Are there any questions of Mayor Gilman?

3 MEMBER FERRAND:

4 Mayor Gilman, I want to say we appreciate your offer of
5 providing information to us. I know it's very difficult
6 at times for those preparing a draft statement to come
7 in to an area they are not thoroughly familiar with or
8 have not made full investigations on and to engage in an
9 in-depth socio-economic study of the area.

10 I am curious to know from your standpoint in relation to
11 the population being as you say 'an oil-oriented Borough'
12 what percentage of the employed people in this Borough
13 are employed either primarily or secondarily by the
14 petroleum industry? Have you any idea?

15 MAYOR GILMAN:

16 I can't give you an absolute percentage. Within the
17 Borough we have three major employment sources and they
18 are oil, fisheries and tourism. The last number-wise
19 population fisheries still out-rank petroleum, petroleum
20 is second - but as far as percentage I can't give you any
21 figure. It would depend on again communities where
22 they live but overall it runs around forty percent, as I
23 remember.

24 *

25 JUDGE: Are there any other questions? (NO RESPONSE). Thank

you very much Mayor Gilman. Our next speaker is
the City Manager of the City of Homer, Mr. Larry Farnen.

MR. FARNEN:

Good morning Judge Cook, members of the panel, welcome to the City of Homer and I hope you have a pleasant day. My name is Larry C. Farnen, I am City Manager of the City of Homer, my address is Post Office Box 707, Homer, Alaska.

In the Draft Environmental Impact Statement the description of the proposed action, which is described as Federal or National in nature, is designed to meet the Department of the Interior's objective for the management of marine minerals and more specifically as outlined therein, orderly development of marine mineral resources to meet the energy demands of the nation, protection of marine and coastal environments, and receipt of fair market value for the leased mineral resources.

This then is the manner in which we would like to comment on the subject matter and perhaps more specifically, to the orderly development of the human and economic resources since that is the common denominator to which we must address ourselves every day - and from my experience on a day to day basis, is the primary concern of all of us here today regardless of the repertory to the contrary.

1 Since the objectives stated are national in nature and
2 since we are a small part of that nation, we are here to
3 help support that national objective and to try to convey
4 to you the needs of our segment of the concern in the
5 DEIS.

6 *

7 A great deal of correcting of the information is needed
8 as far as the Homer area is concerned. It is my belief
9 that this information can be readily obtained if a person
10 could be supplied to research it. We will readily admit
11 that we do not have the staff people to deal with it in
12 depth, but we do feel it should be corrected.

13 *

14 What is of a more critical nature is the necessary pre-
15 paration which we must do in order to provide for the
16 orderly transformation of the 'now' to the 'then'.
17 It is time we recognize that we should be in a position to
18 work with the developing situation on a day to day basis
19 and to take the outline as presented by the DEIS and re-
20 duce it to its meaning to us and to provide us solutions
21 to the problems presented therein, as it affects our par-
22 ticular areas of concern. The same need will exist at
23 the Borough level as well as the State level.

24 *

25 *

1 I do not see any problems that are insurmountable pro-
2 vided we proceed with vigor to work with the problems and
3 their solutions. The item which is of greatest concern
4 to us is the investment capital required now to allow us
5 to make meaningful preparations for the future as envision-
6 ed by the scenario of the DEIS and to be on a continuous
7 update as that scenario changes.

8 *

9 If what we are dealing with here is of a national concern,
10 as it surely must be or we would not be here today, then
11 the investment of the future must be of a national concern.

12 *

13 On page 32 of the Statement under Item 3C, 'OCS Drilling
14 and Development Plans' I would like to see at least review
15 by local governments in the anticipated affected areas
16 and I feel participation would be better. The cost for
17 the participation or review should be borne by the Federal
18 Government. The lead time required is as important to
19 the local governments as it is to the State and Federal
20 Government. There is a very minor effort on the part of
21 the State to work with local entities at this point and
22 it may be a problem of manpower or funding.

23 *

24 *

25 *

1 On page 42, Item IQ, 'The socio-economic study program',
2 I would hope that the results of this program study is
3 made available to the local entities. Also, I would
4 like to see local input in establishing the guidelines
5 and exceptions of such a program.

6 *

7 I have no expertise in the areas of flora, fauna, sea life
8 and food chain of the marine environment, but I would like
9 to state that I am appalled at the apparent lack of in-
10 formation on this subject. I note that much reference
11 information is dated subsequent to 1971 and I thought
12 Alaska was purchased in 1867, not 1967. I wonder what
13 happened to the work done by the Federal Fish and Wildlife
14 Service, and since 1960, the State Department of Fish and
15 Game and others. I am unable to understand how quotas
16 can be set if the information is as lacking as stated in
17 such statements as 'little or nothing is known of primary
18 productivity of rooted mudflat vegetation in Alaska';
19 'the total number of king crab in Cook Inlet is unknown';
20 total number of snow crab is unknown'; total numbers of
21 shrimp in the Lower Cook Inlet are not available'; 'there
22 is no information available regarding razor clams in Cook
23 Inlet'; 'except for general distribution, little is known
24 about these species' - in referring to remaining clam
25 species in Cook Inlet. 'The spawning season for

1 scallops in Lower Cook Inlet is unknown'; 'there is no
2 information available regarding numbers of scallops in
3 Cook Inlet'; 'quantitative information on the abundance
4 of marine fish in Cook Inlet is limited'; 'known distri-
5 bution of species is also spotty'. These are a few of
6 the statements made and while I don't wish to be over
7 critical it seems that documents prior to about 1971 are
8 either lost or have not been declassified.

9 I have been in the area since 1956 and I know that at times
10 there have been a considerable number of individuals work-
11 ing in this area for the agencies responsible for such
12 information. It makes me wonder what controls are being
13 applied to the work and who is checking results. Possibly
14 sufficient research has not been done and we must direct
15 our concern to the agencies who would be responsible. If
16 in fact the information is available, we must ask why it
17 has been overlooked in the preparation of such an extensive
18 document as the DEIS? Perhaps we should contract with
19 the industry to include with their work on the Outer
20 Continental Shelf a research program in these areas. I
21 can assure you they will demand results.

22 *

23 What I am really trying to point out here is that we should
24 move the planning, organization, directing, coordinating
25 and controlling as close to the action as possible.

1 In summary let me state this: the scenario which you have
2 developed in the statement and the impact which you have
3 outlined therein is a real effort and is to be commended.
4 But we are the ones who have to reckon with it and the
5 financial and practical requirements. This is also part
6 of the impact. We wish to proceed from this point to
7 relate this statement to ourselves and our planning pre-
8 parations.

9 *

10 We can deal effectively with the problems if we can deal
11 with them in the environment to which we are accustomed
12 and familiar. To quote a phrase of the great statesman
13 Winston Churchill when he was passing through his finest
14 hour "Send us the tools and we will finish the job".

15 *

16 I do not believe that the Environmental Impact Statement is
17 complete until all of these areas are covered. Part of
18 the impact is the need for practical tools which has not
19 been dealt with. While I recognize that the job as seen
20 from the Department of Interior's point of view might be
21 only to state the direct impacts, I still would take the
22 position that the depth of the impact must be addressed
23 also.

24 *

25 *

1 I feel there is a great deal of misunderstanding of some
2 of the problems. The people in the area are far more
3 capable to deal with this than they are given credit for
4 in this statement. True, we need the expertise to pull
5 it together, to reduce it to the bureaucratic lingo that
6 seems to be required to be understood, but there is no
7 question in my mind that the ability is here. We can
8 hire and direct the experts who are necessary. We can
9 tell you what we would like to see, we can provide for
10 plans and contingencies but we must be allowed the
11 capital necessary to do this. We do not have the ability
12 to raise the capital for the type of situation which is
13 suggested by the DEIS. The existing resources are not
14 here to move from 'now' to 'then'. We cannot obtain the
15 necessary capital under the present local governmental
16 structure to do the job. This, gentlemen, is part of
17 the impact.

18 *

19 Now at this point I would like to make some suggestions
20 recognizing your agency's limitations in resolving it, but
21 also being aware that we must continue to cope with it.
22 Based on the information in the DEIS, we have established
23 some guidelines and parameters to work from. I would
24 like to place on the City staff an assistant to coordinate
25 with the State, Borough, as well as the Federal Government
to update this on a continuing basis.

1 We need to establish these relationships as well as thw
2 relationships with the industry to be able to work in
3 areas of our direct responsibilities as well as to verify
4 how the responsibilities on the other agencies are being
5 resolved where they have an effect on us. This is a
6 part of the cost of OCS development and I hope it will be
7 dealt with in a positive manner.

8 *

9 We do not need more agencies to administer more programs -
10 we need problem solvers since the problem makers seem to
11 be in plentiful supply. We do not need more money
12 spent to buy out a problem but more money to solve the
13 problem. We need to be willing to face the realities
14 themselves and each new day as it dawns.

15 *

16 As mentioned earlier, we have a number of corrections that
17 we want to make in the information and have supplied part
18 of it. We would like to meet with one of your repre-
19 sentatives to discuss other areas that may require further
20 research and to enumerate them here is unnecessary.

21 *

22 One other item I would like to see dealt with is the re-
23 porting of results on Environmental Impact Statements,
24 establishing of guidelines as to what results are expected
25 from these statements, how well they attain these results
and what the cost has been.

1 To quote a familiar saying: "there are no simple solutions,
2 only intelligent choices". Let us place the tug at
3 the back and also the stern, and if necessary amidships
4 and move the vessel to its berth as the barnacles that
5 have grown upon it and the rust it has gathered has
6 slown (sic) its speed until it is two years behind
7 schedule and several million dollars have been spent.

8 Thank you!

9 *

10 JUDGE:

11 Any questions of Mr. Farner?

12 MEMBER FERRAND:

13 Mr. Farnan, I'd like to make one comment on your state-
14 ment - - -we'd be happy to meet with you - our repre-
15 sentative of the OCS office here would be happy to meet
16 with you to discuss some of the problems you mentioned
17 in your statement.

18 MR. FARNEN:

19 Right. I have sir, a copy - a partial list of some
20 of the obvious items, some of them need to have discussion
21 in order to be able - - (they are attached to the back of
22 the statement I have left at the front desk).

23 *

24 JUDGE:

25 Our next speaker is Mr. David C. Smith.

1 MR. SMITH:

2 Good morning gentlemen of the panel - I am speaking as a
3 private citizen - my name is David Smith, my mailing
4 address is Box 155, Seldovia, and I am a two-year resident
5 of Alaska.

6 I am presently employed by Bechtel on the Alaska Pipeline
7 as an engineer and my interests here are primarily in the
8 area of the economic impact that oil development will have
9 in this area. Personally, I am interested in two areas
10 as an individual, the possibility of participating in
11 construction of real estate programs, and the possibility
12 of cooperating with the Alaskan communities in the obtain-
13 ing of grant funding from the State and Federal agencies.

14 *

15 I see no overall opposition to the oil development in the
16 area, and comparing this statement with other statements
17 which I have read I feel this is a superior document as
18 related to the previous documents discussing offshore oil
19 and the possible impact.

20 My specific comments on this statement are in the economic
21 area only - I have four areas which I would like to briefly
22 mention. The first area is there are 15-to-20 refer-
23 ences in the economic and social impact possibilities to
24 the Seldovia, Port Graham or the Port Graham-English Bay-
25 Seldovia area. I find that these areas should be cut

1 in half. The City of Seldovia is not connected to the
2 rest of these communities by a road, they are separated
3 by a mountain range - and it's true that you can boat
4 over or you can fly over - but at the present time the
5 economic base and the accessibility of these two areas is
6 a problem.

7 The City of Seldovia has a substantially larger economic
8 base than the other two communities, it has a fine harbor,
9 it has an elementary as well as a high school and four
10 churches. The City of Seldovia is classified as a first-
11 class city and as such it provides all of the services that
12 a family would anticipate if they were to live in a first-
13 class city.

14 *

15 The remedy I think in this particular case would be to
16 re-analyze the impacts for that particular region, di-
17 viding it into Seldovia as a first-class city; then
18 the English Bay-Port Graham area as basically native
19 economies.

20 *

21 The second change I would like to see in the Impact
22 Statement would be the insertion of a chart which would
23 relate the bid price for the offshore tracts to the anti-
24 cipated economic development that might occur there. I
25 think it would be very significant for the communities in

1 Alaska if they could relate the possible economic impact
2 to the dollar value. I have seen charts in some of the
3 other statements or some background information, where a
4 dollar value was placed on the tract in relation to the
5 number of barrels of oil that are out there.

6 I think the people of this area feel that more is known
7 about the gas and oil in this area than any of the other
8 previously explored offshore tracts.

9 *

10 I would like to see a chart or comment in the Impact
11 Statement related not to barrels of oil or to total workers
12 for the project, but specifically to the dollar impact that
13 would be created on a community when a hundred families
14 would move into the area. The City of Seldovia with
15 possibly six hundred residents would have a severe impact
16 with one hundred families; a community the size of Homer
17 would have a different type of impact with a hundred
18 additional families. Moving up the Peninsula, the
19 Kenai-Soldotna area they could very likely absorb a
20 hundred families with little appreciable impact.

21 *

22 The fourth area I am concerned about here is the wilderness
23 camps. I would like to believe from the reading I've
24 been able to do about the type of development that will
25 occur here that the oil companies would prefer to operate

1 out of a wilderness type of camp which would mean there
2 would be few people housed officially in a community if
3 housing were available.

4 I am presently stationed at Delta Junction and Isabel Pass
5 on the pipeline and I am doing a little survey here as a
6 private individual to find out how much of the housing in
7 the area had been affected by the workers working out of
8 this pipeline camp. I find that the community of
9 Delta Junction has every available rental unit rented out
10 to foremen, superintendents and inspectors. So while
11 there's been no houses sold as such, all the motel space
12 and many apartment units that were there primarily for the
13 Army Base, have been absorbed and are now being utilized
14 by the pipeline people. We also found that area had
15 many trailer courts in it - rather shoddy by the standards
16 which I would have expected had I been involved in the
17 designing of them - but we find there are many mobile
18 homes squatting in the area so to speak, without adequate
19 facilities as to sanitation and that type thing.
20 We also found there are many-many campers in the area
21 either there on a monthly basis or just for the summer
22 and these people undoubtedly will not spend the winter
23 there.

24 *

25 *

1 I think that the amount of information that is available
2 the communities of this area are entitled to have a more
3 specific dollar figure based on the possible impacts that
4 will occur in this area - and I would like to see these
5 impacts related to specific communities, and specifically
6 to the possible capital outlays that each one hundred
7 families would create here.

8 Thank you gentlemen!

9 *

10 JUDGE:

11 Are there any questions of Mr. Smith?

12 MEMBER GILL:

13 One question - you suggest a chart on the values placed on
14 the oil and gas - - are you speaking before or after the
15 sale?

16 MR. SMITH:

17 After the sale. I have seen a chart which would allow
18 the city government to relate the possibility of a large
19 or small amount of oil be located in a specific place,
20 based on the bid price of the oil company.

21 MEMBER GILL:

22 Well some times the bid price and the amount of oil found
23 are really two different things.

24 MR. SMITH:

25 Well I do feel on this specific lease sale here the oil

1 companies know a great deal about the area and they are
2 going to be protecting their investment. I think
3 Seldovia would be somewhat alarmed if the real large
4 dollar figures were ten miles off their port facility
5 but if that money were spent in Ninilchik we wouldn't be
6 as concerned, as a community.

7 JUDGE:

8 Thank you very much Mr. Smith. Our next speaker is
9 Brigadier General B. B. Talley, U.S. Army, retired.

10 B.B.TALLEY:

11 Judge Cook, members of the panel, I am B. B. Talley, my
12 address is Box 152, Anchor Point Alaska, 99556.

13 I first came to Alaska in 1940 and was Officer in Charge
14 of Army and Air Corps construction on the mainland of
15 Alaska and in the Aleutian Chain during World War II.
16 I returned to Alaska in 1964 and have been a resident of
17 the Anchor Point community since that time.

18 *

19 I would emphasize the following points among others, as
20 being pertinent to this hearing.

21 1) The Coastal Zone Management Act of 1976 provided
22 \$1.2 billion in forgivable loans and formula grants
23 with energy-related impacts in the coastal zone.
24 Therefore, the question of fiscal impact on the pro-
25 posed leasing and development of possible oil dis-
coveries has been provided for.

- 1 2) The mineral wealth of the Lower Cook Inlet OCS
2 acreage belongs to the entire fifty States, not to
3 Alaska alone, and its development should be considered
4 in the light of the overall benefit to all fifty
5 States.
- 6 3) The need for self-sufficiency in energy in the U.S.
7 is critical. We are more dependent upon foreign
8 oil today than we were at the time of the mid-eastern
9 oil embargo. We now import more than 50% of our oil
10 and this percentage is increasing.
- 11 4) We are mindful of the hazards to marine life of off-
12 shore drilling and are proud of the fact that damage
13 to marine life in Cook Inlet and other waters of
14 Alaska due to offshore drilling, is minimal and in-
15 consequential. Present technology affords greater
16 safeguards for the protection of marine life than in
17 the past and hazards which may exist should be con-
18 sidered as acceptable risks.
- 19 5) During Territorial days Alaska was given special con-
20 sideration by the Federal Government in making Federal
21 funds available for its development. I am experi-
22 enced in this having been a member for more than two
23 years of the Board of Engineers for Rivers and Harbors
24 in Washington, as well as from personal experience as
25 a member of the U.S. Army Corps of Engineers in

1 Alaska. Alaska is our wealthiest State in natural
2 resources and the time has come for Alaska to stand
3 on her own feet. Alaska no longer needs the
4 special considerations she has received in the past.
5 The offshore waters of Alaska are no more sacred than
6 those of Texas, Louisiana, California, or of New
7 Jersey where OCS leases have just been sold

- 8 6) The need for increased development of domestic oil
9 is critical and it is requested that you reach your
10 findings based on facts, and that you not be swayed
11 by half-truths and emotional appeals.

12 Thank you very much!

13 *

14 JUDGE:

15 Any questions?

16 MEMBER GILL:

17 General, just one small point - I think you'll find the
18 imports now are about 42% rather than the 50% but we're
19 sure getting toward the fifty in a hurry.

20 B. B. TALLEY:

21 I appreciate that correction sir because the information
22 that I received from some of the - -

23 MEMBER GILL:

24 - - yes, it differs - - but we have about 42% now being
25 imported.

1 JUDGE:

2 Thank you. Our next speaker is Mr. James C. Manley
3 of Manley Terminals.

4 MR. MANLEY:

5 Judge Cook, members of the panel, my name is James C.
6 Manley - I am the President of Manley Terminals, Incor-
7 porated, Homer; I am Secretary of the organization
8 'Committee to promote the utilization of the Port of
9 Homer' and I am a member of the Board of Directors of
10 OMAR.

11 The purpose of my testimony is to present information on
12 expected economic benefits resulting from the Lower Cook
13 Inlet lease sale.

14 In 1966 I retired from the United States Air Force and
15 moved to Homer, Alaska. In December of that year we
16 started Manley Truck Freight Terminal - our equipment
17 consisted of one pickup truck and an acre of swamp ground.
18 Since that time we have incorporated and enlarged to a
19 fleet of trucks and two freight terminals.

20 *

21 Manley Terminals Inc., hauls and warehouses everything
22 from household goods and drilling mud to herring and fish
23 nets. We constantly analyze all flow of freight traffic
24 to determine why there are periods of high and low traffic
25 movements. Over the period of years we have found that

1 the economic health of the community dictates the amount
2 of freight movements. The more money a person has the
3 more consumer goods he will buy and the more freight we
4 haul. Right now the freight movement in the Homer area
5 is at a low-ebb, probably the worst I've seen it in about
6 three years. We normally run seven or eight trucks
7 every two or three days - we got one last week, two the
8 week before that.

9 *

10 Our analysis of freight moved and by direct personal
11 customer contacts we have determined that there has been
12 a constant influx of people into Homer, the majority of
13 whom are solid citizens seeking homes and employment.
14 They all eventually face the same dilemma of seeking employ-
15 ment and the need for services, ie. sewer, lights, water,
16 roads, hospitals. Unfortunately, the city cannot provide
17 everyone with all of these services.

18 *

19 The present property owners are highly taxed and also pay
20 a 4% sales tax. Property taxes have doubled in the last
21 few years. In order to increase the tax base we must
22 have more employment and more business.

23 *

24 *

25 *

1 The development of the Lower Cook Inlet leases will pro-
2 vide the needed economic boost to the area. The high rate
3 of unemployment and the Appalacia 'Food Stamp' exonomy
4 most certainly has to be eliminated. Except for a few
5 road construction jobs, the only good employment oppor-
6 tunity was generated by the drilling barge George F. Ferris
7 which spent millions of dollars on supplies and labor dur-
8 ing a major repair program. During the last few weeks
9 Homer has also had a large increase in job applicants
10 caused by the reduction of employment on the pipeline,
11 which adds to our unemployment roles.

12 Off the cuff here, we have averaged in the last week three
13 applicants for every job that we have, although we are not
14 a large company for every truck driver I have at least
15 three or four people have been in that office looking for
16 jobs - all the way from Fairbanks and Valdez.

17 *

18 The only way local unemployment can be reduced is by the
19 exploration and development of the Lower Cook Inlet leases.
20 This sale can provide the needed economic boost to the
21 area.

22 *

23 We must also have a diversified economy. The fishing
24 industry, although augmented by a few Federal and State
25 payrolls, cannot support the community. Revenues from

1 the Port of Homer as a result of oil development will help
2 finance the services needed, others through taxation.

3 *

4 The Lower Cook Inlet lease sale may be the last chance
5 Homer has to broaden its economic base. The majority of
6 us had hopes that the development of the Kachemak Bay
7 leases would provide additional employment and business
8 income for the area. However, the crowning blow came
9 which set this community back for years, when the Hammond
10 'No Growth Anti-Oilers' ramrodded a condemnation bill
11 through the Legislature against the wishes of the major-
12 ity of the people of this area, against the House Natural
13 Resources Committee recommendation, and against the State
14 Senate.

15 *

16 I am personally acquainted with a majority of the people
17 in Homer and in this general area. I have discussed
18 the Lower Cook Inlet sale with many of them. They DO
19 want employment and an increased base with more services.

20 *

21 There are several things which I am proud to have been
22 able to find out in discussions with the local residents
23 and that is in addition to the local benefits to our
24 Kachemak Bay communities, the majority of the people
25 believe in the United States of America. They believe

1 the production of oil from Lower Cook Inlet and Kachemak
2 Bay is essential for the welfare of our nation; that our
3 Alaskan resources must be utilized so that our State will
4 contribute her share in reducing our dependency on OPEC
5 nations and most important of all, to provide reliable
6 sources of energy for our nation and most certainly, our
7 National Defense System.

8 Thank you!

9 *

10 JUDGE:

11 Any questions of Mr. Manley? (NO RESPONSE). Thank you
12 very much sir.

13 Our next speaker is Mrs. Roxie A. Schade, owner of the
14 Watusi Tours. Is Mrs. Schade present?

15 MRS. SCHADE:

16 Good morning Judge - my name is Roxie A. Schade, I am co-
17 owner and Manager of Watusi Tours. We've been in busi-
18 ness since 1972 after bringing a 54-foot steel crew boat
19 from Louisiana to Alaska.

20 Up until this past April I was the skipper of a 54-foot
21 motor vessel Watusi. Through the past two summers 1974-75
22 visitors on board the Watusi had the opportunity to see at
23 close hand a sea drilling rig, the George Ferris. The
24 first summer the people had the experience of pulling
25 alongside during my afternoon tour of Jakolof Bay and watch

1 freight and other merchandise being unloaded as the rig
2 was preparing to drill off Cape Kasilof.

3 The people met some of the personnel and found out that
4 they are really quite nice people. They have two legs,
5 two arms, one face and mouth just like the rest of us.

6 *

7 Those people came away with a different understanding
8 and appreciation. Then this past summer, while the rig
9 was making repairs, the Watusi was the crewboat and while
10 we were on 24-hour call, the personnel allowed the Watusi
11 to make a four hour Jakolof Bay tour and use a smaller
12 vessel as a standby boat. At the end of the tour we
13 always circled the rig and explained it briefly. Of all
14 the people on the tours during both summers I have had
15 three people come away with the same nasty 'let's sink it
16 attitude'. A few others expressed concern that the oil
17 industry really didn't care what they did with the local
18 people and property but 90% of the people had a good
19 feeling about oil and Alaska. The impact statement says
20 the drill units will be an eye-sore - most people don't
21 think so, lots of people drive out the Kenai Road to see
22 the gas flareoffs when you come to the Kenai area.
23 The lights are beautiful of a night and people soon grow
24 accustomed to seeing them.

25 *

1 People come to Alaska to see Alaska, not just fishing
2 boats, small towns, scenery, they come to be involved.
3 They want to hold crab and clams and fish as they did on
4 our tour - they want to see and touch and have first=hand
5 knowledge of all industries in Alaska. They enjoy watch-
6 ing farmers tend their fields, lumbermen saw timber, anf
7 if given a chance, oil men tending oil rigs.

8 *

9 Tourism and oil drilling platforms are quite compatible.
10 The only obstacle that always must be overcome first is
11 the local people's attitude because the local people guide
12 and influence the visitors, be they from Anchorage, New
13 York or Paris. The tour industry through Alaska
14 Visitor's Association and the Alaska Host Program could be
15 utilized to inform the local people in a truthful and un-
16 biased manner, perhaps through a tour for the industry
17 people of a platform so they can be informed - can then
18 inform the visitors properly.
19 I, for one, hope that this will be the case.

20 Thank you!

21 *

22 JUDGE:

23 Thank you Mrs. Schade. Are there any questions of
24 Mrs. Schade? (NO RESPONSE).

25 *

1 JUDGE:

2 Our next speaker is Mr. Lloyd Schade.

3 MR. SCHADE:

4 Good morning. I am Lloyd Schade, candidate for the
5 State Senate from this area, my address is Star Rte. 'A'
6 48, Homer, Alaska, 99603.

7 As a candidate for the Senate, I have traveled the Penin-
8 sula area during the last two months, talking with many
9 people, and have a good indication of their ideas and
10 feelings. I see that our area is in need of an
11 economic boost.

12 *

13 I and my people have circulated a petition throughout the
14 Kenai Peninsula and the people who signed this petition
15 feel we can, with the help of our local governmental
16 agencies and representatives, as well as the oil industry
17 itself, overcome and profit from the impact. You will
18 note on the cover page that these people feel we are
19 ready, willing and able to control our future progress
20 and have the expertise and abilities to handle them.
21 I must apologize as I had hoped to have all the petitions
22 in but with the closeness of the race and extra work I
23 will have to submit the rest of them before September 10th
24 deadline. We wish to be informed at the local levels
25 of the activities relating to the Kenai Borough through our
local State representatives and Borough administration.

1 I have here around 500 signatures to the petition and
2 more to be picked up.

3 *

4 One idea kept recurring from the people with experience
5 in the Upper Cook Inlet. We feel this will resolve 90%
6 plus of our pollution problems during the drilling
7 activities. Therefore, we request a local person with
8 marine experience from the Kenai Peninsula be hired by
9 the Borough Mayor, reviewed by the three State representa-
10 tives of our area, this man to be on board all drilling
11 units during operations - the man should be on each shift
12 circulating the rig at all times, or in other words, have
13 two men on each 24-hour period. This man will only be
14 replaced by the Borough Mayor and the man should draw the
15 equivalent of a driller's pay to be supplied by the impact
16 funds or the drilling companies.

17 *

18 In order to make a positive impact, we definitely need
19 funds for education. We need a training program for our
20 young people to train them in the field so that the oil
21 companies will not have to carry the entire burden.
22 Programs such as on the job training paying part of the
23 expenses for local residents may be the answer.
24 We feel that funds for police protection, extra hospital
25 staff, extra schools, loans for building and housing is
badly needed.

1 In summary, with our local governmental officials handling
2 the impact of the land, and our monitors on the sea and a
3 better understanding betweel all parties, we will have a
4 positive and pleasant impact on the Kenai Peninsula and
5 Alaska.

6 Thank you!

7 *

8 JUDGE:

9 Any questions of Mr. Schade? (NO RESPONSE). Thank you
10 very much sir.

11 Our next speakers represent a group, the Alaska Subarctic
12 Offshore Committee- we have Mr. Meyers;Dr. Hester and
13 Mr. Jesse P. Johnson.

14 MR. MEYERS:

15 Good morning Judge Cook, members of the panel. I am
16 William M. Meyers, representing the Alaska Subarctic
17 Offshore Committee.

18 If I might make a preliminary comment, the industry ap-
19 preciates the matters referred to by the Mayor this morn-
20 ing and recognizes the need for answers. As we told
21 you on Tuesday in Anchorage, the Alaska Subarctic Offshore
22 Committee has a liason group and tentative arrangements
23 have been made for that group to visit on September 15th
24 English Bay, Port Graham and Soldotna, and on September
25 16th, Seldovia and Homer. Now our liason group is in

1 continuous communication with the State of Alaska
2 Planning officials and have had extensive discussions with
3 them. A great deal of information has been furnished and
4 is being furnished and I assume there will be adequate
5 communication between the State of Alaska Planning people
6 and your local officials.

7 We will proceed today with our first witness who is Dr.
8 Frank J. Hester.

9 DR. HESTER:

10 Judge Cook, members of the panel, I am Frank J. Hester,
11 my address is Box 5565, Santa Barbara, California, 93108.
12 I am a marine biologist by training with a Bachelor's degree
13 from the University of California, Santa Barbara; a
14 Master's degree from the University of Hawaii, and a
15 Doctorate from the University of California, Scripps
16 Institution of Oceanography. I have had some 13-years of
17 experience with the National Marine Fisheries Service, and
18 most recently as Director of the Hawaii area and the
19 Honolulu Fisheries Laboratory.

20 *

21 At present I am a private consultant on marine biology
22 and fisheries with my office and home in Santa Barbara,
23 California. I have been retained by counsel for the
24 Alaska Subarctic Offshore Committee to review the Draft
25 Environmental Impact Statement for the Lower Cook Inlet,
with special reference to those portions of the statement

1 covering biological impacts and fisheries.

2 *

3 While I must commend the thoroughness of the Draft EIS,
4 it is my opinion that it over-dramatizes possible impacts,
5 particularly with regard to the effects of petroleum
6 hydrocarbons on marine organisms, the impact on the pro-
7 jected development on fisheries, and possible health
8 hazards from contaminated seafoods. I realize of
9 course that the authors of the EIS must be conservative in
10 their approach in order to give maximum consideration to
11 environmental impacts. However, I believe that the best
12 and most current scientific information indicates that
13 the potential environmental impacts are much less harsh
14 than as set forth in the Draft Statement. Therefore, in
15 my remaining time I would like to present some empirical
16 evidence that is available and shows that the impact of
17 oil and gas development activities on the marine environ-
18 ment are minor.

19 *

20 There are three major OCS areas where oil and gas de-
21 velopment activities have been extant for decades, these
22 are Southern California, the Gulf of Mexico, and Lake
23 Maracaibo, Venezuela. Each of these areas has been
24 the subject of detailed study as to the effects of this
25 development activity on the environment. In each case

1 the conclusions have been the same, namely that effects
2 have been minor or not detectable. Some will argue
3 that Alaska is different and that the offshore experience
4 in other areas is not pertinent. This is incorrect.
5 Basic information regarding environmental impacts in other
6 areas are relevant here because basic biological, chemical,
7 physical processes and their functional relationships act-
8 ing on organisms are the same throughout the world.
9 I will discuss this more later.

10 *

11 I am most familiar with the studies in the Santa Barbara
12 Channel, chiefly those that followed the 1969 oil spill,
13 and I will confine my comments to that area. However, I
14 wish to point out that a consortium of universities has
15 conducted studies on portions of the Gulf of Mexico, and
16 the Battelle Northwest Laboratories have done extensive
17 studies of Lake Maracaibo. These studies are available
18 for review.

19 *

20 Oil and gas activities in the Santa Barbara Channel began
21 some 80-years ago with nearshore drilling and production
22 from wells on piers along the coast. Production con-
23 tinues from some of these structures to the present day.
24 Beginning in the late 1950s exploration and production
25 on true offshore platforms began. In general, no special

1 precautions were taken during this time with the dis-
2 charges of muds, cuttings, deck drainage, domestic and
3 sanitary wastes and produced water. More than 500
4 development wells have been drilled in the channel from
5 these platforms, about what is projected for the Lower
6 Cook Inlet. This production takes place in a semi-
7 enclosed body of water between the mainland and a series
8 of offshore islands, which is about half the size of the
9 Lower Cook Inlet. The channel is an important fishing
10 area, producing about 15% of the California catch of fish
11 and shellfish. The catch amounts to some 30-million
12 pounds per year on an average and is worth more than
13 2-million dollars.

14 The channel is also an area of considerable sportfishing
15 activity for a variety of species, including occasional
16 runs of coho salmon in the vicinity of the oil platforms.

17 *

18 In 1969 an estimated 33-thousand barrels of oil spilled
19 into the channel in about a two week period. Numerous
20 studies of the area were made during and following the
21 spill to assess the effects of the spill on the channel
22 ecosystem. Biological effects were few, being confined
23 to the intertidal zone and to marine birds. No signifi-
24 cant subtidal or pelagic zone effects were noted. For ex-
25 ample, the National Marine Fisheries Service made plankton

1 net tows beneath the slick and found no dead or dying'
2 fish eggs or larvae. The California Department of
3 Fish and Game conducted a series of trawling assessment
4 cruises through the area and found no dead or dying
5 fishes. Commercial fish catches from the area were
6 not diminished in 1969 or in subsequent years.
7 As is noted in the Draft EIS, sport catch did decline in
8 1969 but that was because bad publicity kept fishermen
9 away and not because of any lack of fish.

10 *

11 In addition to inputs from man-made sources, the channel
12 is subject to major inputs of petroleum hydrocarbons from
13 natural sources. The Santa Barbara Channel contains
14 several natural oil seeps that have been estimated to
15 contribute 100-to-200 barrels of crude oil per day to the
16 marine waters. On an annual basis this volume, as
17 much as 73,000 barrels, easily surpasses that spilled in
18 1969. There are no data to suggest that the waters
19 of the channel are any less productive because of the
20 seep oil than are the waters elsewhere in the State where
21 seeps do not occur.

22 *

23 Of particular note is that off Coal Oil Point, the site
24 of the largest known seep in the channel some 50-to-100
25 barrels per day, and the location of platform Holly is

1 one of the two most productive areas in the channel for
2 spot prawn *pandalus platyceros*, a species that is fished
3 in the Cook Inlet.

4
5 *

6 In addition to the oil spill studies there are studies
7 by the Department of Fish and Game, and the Southern
8 California Coastal Water Research Project on the long-term
9 impact of OCS development on the area. These studies
10 show no detrimental effects, indeed, they show that the
11 platforms are centers of biological productivity. The
12 bottom under the platforms is not sterile, and the legs of
13 the platforms are covered with healthy marine growth.
14 Further, my own studies of fish catch in the area of the
15 platforms show that there has been no decrease in landings
16 over that period attributable to OCS activities. In
17 fact, catches have increased. Available data from the
18 area shows that mud, cuttings and other discharges have
19 had no detrimental effects in marine waters.

20 *

21 As I said previously, it has been argued that such studies
22 are area-specific, that is, are not applicable to new
23 areas. For example, aside from the fact that a few
24 species found in the Santa Barbara Channel also occur in
25 Cook Inlet, one might wonder how applicable studies of

1 that area are to the Alaska situation. This type of
2 question was raised at the public hearings held here in
3 Homer following the sale of State oil leases in Kachemak
4 Bay. To answer that specific question Shell Oil Company,
5 later joined by five other companies, sponsored a special
6 study. The study was designed and conducted by the
7 National Marine Fisheries Service, National Oceanographic
8 and Atmospheric Administration. The work was done at
9 the Auke Bay Laboratory near Juneau, and at the Kasitsna
10 Bay Field Station across Kachemak Bay from Homer.
11 The conclusions of this study solely are those of the
12 National Marine Fisheries Service scientists who did the
13 work.

14 I was fortunate to be the administrator of that contract.
15 The result of the study are available, indeed the report
16 is cited several times in the Draft EIS.

17 *

18 I am most disappointed to say that the main object of the
19 study was not noted in the Draft. Although most of the
20 conclusions of the study were quoted in the Draft EIS, the
21 most important one was not, so I quote it now: "Our
22 studies do not suggest that major differences exist be-
23 tween the responses of the Alaskan marine animals tested
24 and the responses of marine animals from other areas as
25 reported in the literature".

1 The point is that the National Marine Fisheries Service
2 study was a comparative study to provide an indication
3 as to whether or not the Alaskan marine animals should
4 be considered unique in their sensitivity to oil. To
5 Me this is a most important question since it now appears,
6 based in part on this particular study, that one can have
7 considerable confidence that the data from these other oil
8 and gas areas can be applied to the Alaska Subarctic
9 area. This allows the authors of the EIS to draw upon
10 a broad data base that strongly indicates that oil and gas
11 development activities as presently practices would not be
12 expected to have a detectable effect on the marine eco-
13 system. These data are most useful in assessing pos-
14 sible effects that might result from development of the
15 proposed leases.

16 *

17 I appreciate your attention and if you have any questions
18 I will be happy to attempt to answer them.

19 *

20 JUDGE:

21 Any questions of Dr. Hester?

22 MEMBER WHEELER:

23 Dr. Hester, you mentioned several times in describing
24 possible effects - you were talking about the effects
25 of oil and gas activities, do you refer specifically

1 to offshore platforms or to the associated activities
2 as well when you conclude that there would be no adverse
3 impact on the environment?

4 DR. HESTER:

5 I am considering the entire associated activities with
6 the platforms, drilling, production, evidently seismic
7 surveys that have preceeded the lease of the field.
8 For example in the Santa Barbara Channel we have a record
9 that goes back to the 50s of OCS activities - we can
10 examine this and compare it to what the biological pro-
11 ductivity of the channel has been over that period.

12 *

13 JUDGE:

14 Are there any other questions? (NO RESPONSE).

15 MR. MEYERS:

16 Our next speaker is Mr. Jesse Johnson.

17 MR. JOHNSON:

18 My name is Jess Johnson. As Manager of Atlantic
19 Richfield's South Alaska District, I am responsible for
20 company operations in South Alaska, which include our
21 present operations in the Upper Cook Inlet and the
22 exploration effort involving all OCS areas in Alaska
23 from the Bering Straits to the Canadian border on south-
24 east Alaska. I represent my company on the Alaska Sub-
25 arctic Offshore Committee, being the Chairman of the

1 Subcommittee dealing with oil spill cleanup. I am
2 presently Chairman of the Gulf of Alaska Cleanup Organ-
3 ization and supervise the individual who represents my
4 company on the Cook Inlet Response Organization.

5 *

6 The oil industry has demonstrated its concern for the
7 environment by emphasizing measures to prevent oil spills.
8 These measures include such things as training of personnel
9 to reduce human errors, the installation of safety and
10 pollution prevention equipment, and the use of inspection
11 procedures to insure that the equipment works properly.
12 In addition to these extensive measures designed to prevent
13 oil spills, industry is taking additional precautions to
14 cope with oil spills if they should occur. I am sure
15 that you are generally familiar with the numerous industry
16 oil spill cleanup organizations and cooperatives in other
17 OCS areas. These organizations and cooperatives have
18 conducted research to develop new and improved equipment,
19 such as skimming devices and containment booms. Two
20 such organizations exist in the vicinity of the proposed
21 Lower Cook Inleas lease sale. These are the Gulf of
22 Alaska Cleanup Organization, formed in 1975, and the
23 Cook Inlet Response Organization.

24 *

25 *

1 When we think about oil spill cleanup in the Lower Cook
2 Inlet we find that the experience of these other organi=
3 zations is useful to us. This is true even though wind
4 velocities and wave heights in the Lower Cook Inlet are
5 not expected to be as severe as those in the Northern
6 Gulf, and the ice problems of the Upper Cook Inlet will
7 not be encountered. Thus oil spill cleanup equipment
8 being developed for the more rigorous environments of the
9 Northern Gulf and the equipment in use in the Upper Inlet
10 should be useful in the Lower Inlet.

11 *

12 It is anticipated that during the exploration phase of
13 offshore operations in the proposed area, cleanup equip-
14 ment should be provided (1) for exploratory drilling
15 vessels; (2) for shore bases used in supplying the ex-
16 ploratory operations; and (3) for open ocean areas within
17 the sale area.

18 *

19 The Cook Inlet Response Organization (formerly the Cook
20 Inlet Oil Spill Cooperative) has recently defined its
21 area of interest to include the area of the proposed sale.
22 The Cook Inlet Response Organization, or the individual
23 drilling operators, will furnish oil spill containment
24 and cleanup equipment to combat spills at the drilling
25 site. Equipment on the drilling vessel will provide

1 immediate response to any spills originating at that
2 point. The specific equipment of course may be differ-
3 ent for each operator and/or each drilling vessel but will
4 consist of such items as a boom, skimmer, storage container,
5 sorbents, and dispersants. Each operator of course, will
6 be responsible for the training and deployment techniques
7 for the drilling vessel under his supervision.

8 *

9 Additional equipment of a similar nature will be located
10 at shore bases for protection of the shoreline, and can
11 be deployed as needed to assist any drilling vessel or
12 open ocean cleanup. Included in this equipment are
13 such items as harbor boom, skimmer, sorbents, dispersants,
14 collectants, and workboats. The Draft EIS lists equip-
15 ment available at existing shore bases in Appendix 9.

16 *

17 Onshore, but for use primarily offshore, will be
18 additional equipment. If the onshore base of operations
19 is located at Homer, then this additional equipment would
20 be stored there. Expected here would be an ocean
21 skimmer deployable from a workboat, ocean-type containment
22 boom, towable containers, additional dispersants, collect-
23 ants, and chemical application apparatus.

24 *

25 *

1 An integrated response plan utilizing manpower and equip-
2 ment from every possible source will be provided to the
3 United States Geological Survey prior to receiving any
4 permit to drill in the Lower Cook Inlet.

5 *

6 In conclusion let me state that the industry cleanup
7 organizations in this area are in the process of re-
8 assessing their requirements both from an organizational
9 and a managerial standpoint. It is possible that by the
10 time of the proposed sale the steps will have been taken
11 to form a single cleanup response organization for the
12 Upper Cook Inlet, the Lower Cook Inlet, and the Gulf of
13 Alaska. At the same time, we are taking a hard look
14 at the structure of these organizations and may determine
15 that the services of a full-time contractor-manager is
16 desirable. I think that much is to be said for the de-
17 sirability of a single organization - and you may be
18 assured that we will advise the Department of any changes
19 which are made in this regard.

20 Thank you for your attention!

21 JUDGE:

22 Any questions of Mr. Johnson?

23 MEMBER FERRAND:

24 Mr. Johnson, in the experience of the Cook Inlet Response
25 Organization have there been any spills in the operation
in the Upper Inlet to date?

1 MR. JOHNSON:

2 There have been some minor spills on the platforms -
3 actually not of major nature that required deployment of
4 the equipment.

5 MEMBER FERRAND:

6 Since the equipment hasn't been deployed have you done
7 any testing in the Upper Inlet, especially in the ability
8 of the equipment to react under ice and wind conditons?

9 MR. JOHNSON:

10 There have been some but I believe not very extensive.

11 MEMBER FERRAND:

12 Does the Organization anticipate doing some testing that
13 might be useful on future occasions should spills occur?

14 MR. JOHNSON:

15 It is my understanding that the equipment is to be tested
16 in the very near future. There is a committee that is
17 appointed to make these tests and report back to the
18 Committee.

19 MEMBER FERRAND:

20 Obviously the Department will be interested in the results
21 of those tests so we will be able to know what requirements
22 will be imposed on such a sale here.

23 *

24 *

25

1 MEMBER TRUESDELL:

2 Mr. Johnson, do you anticipate that any of this equipment
3 you propose will be stored in this particular area, in
4 Homer?

5 MR. JOHNSON:

6 That would depend on whether Homer is chosen as the supply
7 base - of course I would suspect there is a good likeli-
8 hood that if so, then it would be stored here because this
9 would be the nearest point to respond to a spill.

10 MEMBER FERRAND:

11 One more question Mr. Johnson, do you maintain on each
12 individual platform out there some containment equipment,
13 that is in addition to some elsewhere?

14 MR. JOHNSON:

15 We have some containment equipment on the platforms but
16 really not a great deal. During most of the year we
17 have a lot of ice and it would be very difficult to de-
18 ploy some of the type of equipment - the shifting ice
19 would make it very difficult to keep it in the water.

20 MEMBER GILL:

21 Do you have any feel for the percentage of oil recovered
22 from the spills?

23 MR. JOHNSON:

24 The ones I've been associated with have been a few gallons
25 to a barrel - my experience is that you don't see it long
enough to recover it.

1 MEMBER FERRAND:

2 I have one more question which I might ask of Mr. Johnson
3 or Dr. Hester, whichever is most appropriate. Have there
4 been any studies on dispersal or evaporation, any great
5 differences between say in the Gulf of Mexico or Southern
6 California or what might be the experience here given
7 the generally colder line of - - -

8 MR. JOHNSON:

9 I do know that there have been some oil samples of differ-
10 ent nature that have been sent to I believe the Standard
11 of California laboratories and they are doing some work
12 on what effects cold water or cold weather has on each
13 one of these but that report has not been made available
14 to the committees yet.

15 MEMBER WHEELER:

16 I think the subject was addressed during a similar hearing
17 in the Gulf of Alaska sale and it was pretty positively
18 asserted to us that there were differences in the char-
19 acteristics - and this why I wonder if Dr. Hester can
20 explain to us a little bit further how he can make this
21 assumption of world-wide similarity or comparability of
22 reaction - -

23 DR. HESTER:

24 - - first of all Mr. Wheeler, I was speaking of the affects
25 on the organism in particular and once the substances are

1 in a soluble form in the water you're away from this
2 question of evaporation, viscosity and so on.

3 MEMBER WHEELER:

4 But aren't those related questions though, doesn't the
5 effect upon the substance depend in large nature upon the
6 quantity and the timing of the impact?

7 DR. HESTER:

8 The second point I was making - I believe we're talking
9 about subarctic area here, there's not really that much
10 difference from the Santa Barbara Channel. Our winter-
11 time conditions for example at the time of the '69 spill
12 would be quite comparable temperature and salinity-wise,
13 and weather, to what you may encounter here in the Lower
14 Cook Inlet in the spring, summer, fall period so you're
15 really working - -

16 MEMBER WHEELER:

17 - - how about in the winter time?

18 DR. HESTER::

19 No, I'm not talking about the winter time in the Lower
20 Cook Inlet but there is this overlap. Secondly, the
21 biological effects as determined in the laboratory are
22 essentially the same regardless of what species you are
23 using or what temperatures you are running in the bio-
24 assay and the _____ experiments. There are some
25 differences that the National Marine Fisheries Service

1 scientists do believe are caused by the lower temperatures
2 but these are minor compared to the overall picture. So
3 I feel quite comfortable with my statement.

4 *

5 JUDGE:

6 In view of the hour we will have a short recess for about
7 fifteen minutes then return and continue the hearing.

8 SHORT

9 RECESS

10 HERE.

11
12 JUDGE:

13 The next speaker listed on the schedule is the City
14 Manager of the City of Seldovia, Mr. Glotfeltte, is Mr.
15 Glotfeltte present?

16 MR. GLOTFELTTE:

17 Judge Cook, members of the panel, my name is Ed Glotfeltte,
18 I am City Manager of the City of Seldovia, the address is
19 Pouch B, Seldovia, Alaska.

20 The City of Seldovia does support the OCS oil and gas
21 lease sale - we feel that in our area, our small community,
22 our small city, that it will be very important to provide
23 for the community that we have now the economic objectives
24 that we are trying to accomplish. The city does support
25 the national objective of the lease sale and as I've said

1 we do support the sale. We feel that Seldovia does
2 have a possible chance of becoming one of the supply
3 service areas after the lease sale has been accomplished.

4 *

5 There are many problems that have to be overcome as far as
6 a small community is concerned - our problems are mostly
7 financial. We do feel that it is necessary and important
8 that we be kept advised. As Mayor Gilman stated in his
9 statement possibly an impact statement to the communities
10 that are going to be involved into what their role is
11 going to be after the sale has been made, what companies,
12 what industries, what services are going to be needed in
13 the local communities.

14 As we Alaskans are aware the resources both human and
15 economic are very limited as far as our tax base in the
16 small outlying communities are concerned. We are going
17 to need from the Federal Government help, both financial
18 and human resource help to provide an orderly plan for our
19 development. We encourage the industry, the petro-
20 chemical industry, to come to Seldovia and to make Seldovia
21 one of their main supply areas for the proposed Outer
22 Continental lease sale in the Lower Inlet.

23 *

24 *

25 *

1 The only way we can deal effectively as a small community
2 is to know what is happening and what needs to be
3 accomplished before in the planning stages so that we can
4 plan for this development.

5 *

6 We will be submitting to you by September 10th a written
7 statement of our needs, our desires and out objectives
8 if this sale does take place.

9 We have a problem with tanker traffic in the Inlet - there
10 are methods that we will be proposing for establishment
11 of a permanent tanker pathway through especially Kachemak
12 Bay - it's a voluntary measure at the present time - but
13 our main objective is to be able to provide to the people
14 now living in our community a way of living that is ac-
15 ceptable to them and acceptable on the national level.
16 If we do have an influx of a hundred familes it's going
17 to be a great economic drain on our present resources if
18 we do not have the monies and the help to plan for the
19 facilities. As a first class city we do have to
20 provide all the facilities water, streets, sewer, police,
21 fire that even the larger cities in the United States
22 have to provide for their people.

23 We just don't have the tax base but we would hope that
24 your planning monies, the planning monies that will be
25 available from the Federal Government will be made

1 available to us on a local level -both on the State level-
2 but we need local monies to be able to provide the local
3 inputs that we need in this program.

4 *

5 As I've said, we will be providing a written statement
6 of our objectives.

7 That's all I have!

8 *

9 JUDGE:

10 Any questions of Mr. Glotfeltte?

11 MEMBER TRUESDELL:

12 What are the principal industries of the City of
13 Seldovia?

14 MR. GLOTFELTTE:

15 Our principal industry is fishing - we're based on one
16 economic base and that is fishing - we have no other in-
17 dustry at the present time in the City of Seldovia. There
18 is a timber industry in Jakolof Bay which is the next bay
19 over from Seldovia. We do have an ice-free harbor, it's
20 ice-free the year around, Homer does not.

21 JUDGE:

22 Thank you very much Mr. Glotfeltte. Our next speaker
23 on the schedule is Brother Asaiah.

24 *=

25 *

1 BROTHER ASAIAH:

2 Judge Cook, gentlemen of the panel - I am sure we agree
3 that this beautiful earth we find ourselves on is one of
4 the most magnificently self-contained rocket ship in the
5 universe. Through programs of science and progression
6 we have come to this day, to this understanding, that as
7 humans we depend on each other and the planet earth for
8 our survival.

9 *

10 There is no question that the oil community is one of the
11 most powerful economic forces on our planet. I would be
12 safe in stating the oil power controls the economic flow
13 today. The question of national security and energy needs
14 must not be the criteria upon which we the people sleep and
15 permit the oil powers to go hell-bent for lexington, giving
16 no consideration to the environment, the resources and the
17 total well being the people and this great rocket ship.

18 *

19 On the other hand, the industry must not be so restricted
20 to the point where they cannot function on behalf of the
21 people and their well-being. I am sure we all agree that
22 we have become so dependent on oil and its related produc-
23 tion that we are at the mercy of a continued source and
24 development of oil to maintain our economy. We plead
25 for the agencies responsible to keep the oil production

1 safe, in check and balance. For this reason, on page
2 1137, paragraph 3(a) I would recommend, and of which I
3 am sure the totality of this Kenai Peninsula would dis-
4 agree with, that the following alternative be accepted:
5 That the Congress of the United States commence explor-
6 atory drilling on behalf of the people and when the nature
7 and value of the oil lands that are in question, that they
8 belong to us all, then and only then these lands should
9 be leased to the private sector when the value that should
10 be paid will be more understood.

11 *

12 In the same light - the Impact Statement said more detailed
13 studies of the environment of the Lower Cook Inlet area
14 began this summer and are scheduled to continue for
15 several years. The document that will be the subject
16 of hearings next week was compiled from available inform-
17 ation on the sale. This indicates that there are other
18 studies necessary to provide adequate information for a
19 proper procedure.

20 *

21 Another question I would like an answer to which has not
22 been answered in the DEIS is in reference to any use of
23 oil or gas which may be discovered in the proposed leasing
24 area. The Draft Impact Statement on page 11 states:
25 that the hydrocarbons produced from the sale area would
be distributed to U.S. markets through west coast ports

1 OR to Japanese or Canadian markets in exchange for petro-
2 leum to be received by the U. S. in locations other than
3 the west coast. This is the only apparent reference
4 in two volumes of the distribution of the oil and gas.
5 The reference cites as a source for this observation
6 Tussig 1974. Does not the Department of the Interior
7 have more current and more precise information on the
8 future use of the oil and gas from the Lower Cook Inlet?
9 How does the shipment of Federal oil and gas from Alaska
10 solve the crisis if the oil and gas goes to Japan or else-
11 where? There may be some explanation for this but it
12 is not set out in the Draft Environmental Impact Statement.
13 Furthermore, the entire treatment of this question deserves
14 extensive discussion in the final statement so that the
15 public will be able to understand the Federal decision to
16 lease or not to lease in the Lower Cook Inlet. The pro-
17 spective bidders at the proposed sale must surely have
18 some idea on what they intend to do with any oil and gas
19 discovered in the proposed sale area. Has it occurred
20 to you that you might request from the bidders what plans
21 they may have for oil and gas? Could not this even be
22 made a requirement for submission of a bid?
23 In any event, I believe that the Department of the Interior
24 has the obligation to make some reasonable and detailed
25 estimate more precise than that contained in the draft
statement for the use of the oil.

1 In recent reports it has been stated that there will be
2 an oil surplus on the west coast from the Alaska pipeline-
3 Congressman Don Young stated that this oil would not leave
4 the country - that the pipelines would be constructed to
5 carry the oil east. Why are we moving so fast, what is
6 the urgency? Have we been brain-washed into this false
7 energy shortage and national emergency?

8 *

9 As I look about I see no State officials here testifying.
10 These leases are right next to the critical habitat area
11 voted on by the Legislature (AS 16.20-230). Could it be
12 that these officials have gone fishing? Why are they
13 silent today? Probably the reason they are silent today
14 is because they don't want to rock the boat on the Kachemak
15 Bay leases. In my political determination the environ-
16 ment is to be protected regardless of the area.

17 *

18 I would like to make reference to Volume 1, page 390, where-
19 it states that Homer has no sewer - - I would like to know
20 the source of this blatant mistake and why it was permitted
21 to enter an impact statement of this magnitude. Is it
22 possible that I have overlooked other such blatant mistakes
23 that the bureaucrats back in Washington have made in this
24 Impact Statement?

25 *

1 Homer is as close to Washington bureaucrats as the
2 telephone. Gentlemen, we have been told many times
3 at hearing after hearing how expert, careful and safe the
4 oil industry really is. We however, have just had our
5 experience with this efficiency when the George F. Ferris
6 spent some time here recently in Kachemak Bay, before that
7 she was in Cook Inlet, before that she was condemned in
8 California and even used as a movie set for a James Bond
9 movie. When she arrived in Cook Inlet little did we
10 think that her only way of exit would be by blowing her-
11 self off the bottom but such was the case. What is even
12 more difficult to understand is how could she then come
13 into a critical habitat area and then blow herself up
14 again in order to leave, but such was the case.
15 The oil company's subcontractor also came into our harbor
16 one winter evening and destroyed our gas dock and set the
17 harbor on fire. If this is efficiency, safety and ex-
18 pertise then let's look for something else.

19 *

20 I ask you to listen to the oil companies but listen with
21 both eyes and ears open - keep aware of what is going on,
22 remember the welds on the Alaska pipeline.

23 I would also question is it wise to drill for oil at the
24 base of one of the world's most active volcanos? I would
25 like to know is there any danger in the subterranean area

1 area of this activity that could cause this volcano
2 to erupt in another Krakatoan eruption. I plead with
3 those in authority and those in a position to demand
4 safety and efficiency from the oil companies to get off
5 their sacroiliacs and do it. We want safety and
6 protection for our environment and for our way of life.

7 *

8 I am not against oil or the drilling for oil but I am
9 for safety of the environment.

10 *

11 In closing gentlemen, science has demonstrated to us that
12 there is no possibility of migrating to the planet Mars
13 or any other planet in this solar system - so I would
14 suggest that we become more aware and cautious as to the
15 treatment we are giving this one and only rocket ship
16 and planet that we have in which to fulfill our destiny.
17 I conclude that eventually as we continue, if we continue
18 in selfishness and greed of our natural resources, we
19 could end up in the sun.

20 Thank you very much!

21 *

22 JUDGE:

23 Are there any questions? (NO RESPONSE). Thank you very
24 much Brother Asaiah.

25 *

1 JUDGE:

2 The next speaker on our schedule is a representative of
3 the City of Seward - we do not have any information as to
4 which official is going to represent the City of Seward -
5 is there a representative here now from the City of Seward?
6 (NO RESPONSE). If not, we will hear from them later
7 in the program.

8 Our next speaker then is Nancy Lord who is a representative
9 of the Kachemak Bay Chapter of the Alaska Conservation
10 Society.

11 NANCY LORD:

12 My name is Nancy Lord, I am representing myself and the
13 Kachemak Bay Conservation Society, a Chapter of the Alaska
14 Conservation Society. The Kachemak Bay Conservation
15 Society has over fifty active members in the Homer area.

16 *

17 The Draft Environmental Impact Statement for Lower Cook
18 Inlet contains a wealth of information about the likely
19 effects of oil development on the environment. By its own
20 admission, pollution from accidental or chronic oil spill-
21 age will have adverse effects on the environment and other
22 resource uses, and the socio-economic effects will be far-
23 reaching. I quote: "Oil spills are considered statisti-
24 cally probable, some disturbance to fishery and wildlife
25 values will occur and some onshore development may take
place in relatively under-developed areas".

1 The DEIS is full of specific examples - for instance,
2 1300-to-1800 acres of coastal wildlife habitat will be
3 altered by the construction of various onshore facilities.
4 Fish and wildlife will not only be physically damaged by
5 oil pollution, but population reductions will be caused
6 by reduced food, increased sport fishing and hunting, and
7 the destruction of habitat. The effects of chronic low-
8 level discharge of oil into the marine environment are
9 little-known and potentially very dangerous to fish.
10 Pink salmon are especially susceptible, as are all fish
11 larvae and fry. Local salmon populations could easily
12 be depleted for one to several years. Populations of
13 King, tanner and dungeness crab will be reduced by oil-
14 related activities, as will the local shrimp fishery.
15 Pollution affecting the plankton could upset the entire
16 food web. The 2-to-5 million seabirds in Lower Cook
17 Inlet will be the most visible victims as chronic low-
18 level or catastrophic oil spillage contaminates both them
19 and their food sources. Wilderness - a diminishing
20 resource throughout the United States, will be lost
21 forever.

22 *

23 Surely no one could be familiar with the information given
24 in the DEIS and still argue that the environmental and
25 other impacts would not be severe and tremendously de-
trimental.

What we are talking about here is the end of an Alaskan way of life which is extremely valuable to many of us and to the nation as a whole, a way of life based on renewable natural resources and small communities where people want to live. We have only to look at the examples of Valdez, Fairbanks and the coastal towns of Scotland to see what the trade-off would mean to us.

*

The loss could be understandable and endurable if in fact it mean a sacrifice for a greater good. We are told that this lease sale would be in the national interest. The Kachemak Bay Conservation Society disagrees emphatically with that premise. I quote from the DEIS:

"Consumption of offshore oil and gas would be an irretrievable long-term loss of a geologic resource which might be needed at a later time for perhaps more valuable use, ie. limit future option. Short-term production of offshore oil and gas would consume the resource in about 30-years and preclude any long-term productive use*.

*

We must put Project Independence in its historical perspective and realize that the world situation and our own priorities have changed greatly since Richard Nixon made the decision to move as rapidly as possible towards oil self-sufficiency. Oil is finite! There is only a

1 limited amount of it, and when that is gone it is all gone.
2 E. M. Schumacher, the economist, calls oil 'natural
3 capital'. Oil is undeniably a capital item, not an in-
4 come item. As such, we should treat it with conserva-
5 tion and do everything in our power to minimize its cur-
6 rent rate of use. We should all realize that we have
7 come to the end of the petroleum era, the age of cheap
8 fossil fuels. It is time to conserve what we have,
9 adapt, adjust, and seek alternatives. Oil does have
10 some special uses including medicines and plastics, for
11 which there are no real substitutes, and should be re-
12 served as much as possible for these future needs.

13 *

14 If oil is valuable now, think what it will be in fifty
15 years. The real national interest is to hold on to
16 our resources as long as we can. This economic view-
17 point comes from an oil executive.

18 *

19 A Ford Foundation study indicated that true independence
20 can never be achieved unless conservation measures go
21 far beyond those popular with the Federal Administration.
22 In fact, the study concludes that strong conservation
23 measures enforced by legislation, could preclude the
24 need for any new offshore drilling for at least ten years
25 without affecting economic growth.

1 The U.S. Environmental Protection Agency has this to say
2 about OCS development: "Leasing in Alaskan waters should
3 not be considered at this time, and substantial technical
4 and biological research is required. An immediate
5 acceleration policy will be economically and environ-
6 mentally costly. Production by 1985 can be a surplus
7 to the nation's need and should, at a minimum, be pre-
8 served for future use".

9 *

10 In recent weeks this last statement has received confirm-
11 ation. An oil glut is expected on the west coast, and
12 it is apparent that Alaskan oil will be sold to Japan.
13 How is it in our national interest to sell oil, our
14 natural capital, to Japan which can then power its boats
15 to fish in our waters? Isn't it wiser to keep it in
16 the bank, or in this case, in the ground?

17 *

18 Whereas Lower Cook Inlet is presently the site of a most
19 valuable fishery which contributes greatly to Alaskan and
20 U. S. economy while providing important food protein, and
21 whereas there is no overriding need to develop a new
22 source of petroleum at this time, the Kachemak Bay Con-
23 servation Society sees no good reason to hold an oil lease
24 sale in Lower Cook Inlet in 1977. With time, the oil
25 will become more valuable while the technology needed to

1 remove it will improve and more knowledge can be gained
2 about how to minimize the impact on a very vulnerable
3 area.

4 *

5 If the Federal Government chooses to proceed with its
6 short-sighted energy policy and leases Lower Cook Inlet,
7 there are a number of tracts which should definitely be
8 deleted from the sale. The Dames and Moore spill
9 trajectory analysis, included in the DEIS, makes hypo-
10 thetical spills and then calculates the probability of
11 the various resources being affected, and how quickly.
12 The spill sites which would be most detrimental to the
13 total environment are those adjacent to Kachemak Bay and
14 those close to Augustine Island, an active volcano, on
15 the other side of the Inlet.
16 In half the cases the resource would be impacted within
17 one day when the toxicity of the oil is very high and be-
18 fore the industry would be able to provide controls.
19 It would be folly to allow this to happen. In case of
20 a sale, the Kachemak Bay Conservation Society urges that
21 alternatives (A), (B) and (C) be adopted, deleting those
22 tracts, amounting to 36% of the proposed sale area. This
23 is little to ask when so much is at stake.

24 Thank you!

25 *

1 JUDGE:

2 Thank you Miss Lord. Are there any questions?

3 (NO RESPONSE).

4 MEMBER FERRAND:

5 I have no questions but I do wish to commend you on a
6 very well prepared statement.

7 *

8 JUDGE:

9 Our next speaker is Mr. Charles Bryan, he is Vice
10 President of the Homer Chamber of Commerce.

11 MR. BRYAN:

12 Gentlemen, Judge Cook, members of the panel, I am here
13 to read a statement by the Homer Chamber of Commerce.
14 I will read it exactly as handed to me: It's dated
15 August 26, 1976: STATEMENT: Presented at the Public
16 Hearing on the Environmental Impact Statement for OCS
17 oil activity in Lower Cook Inlet. ****The Homer Chamber
18 of Commerce wishes to take this opportunity to go on
19 record as favoring the proposed leasing of designated
20 tracts in Lower Cook Inlet.

21 We request that the potential leaseholders of the tracts
22 consider Homer as a base of operations. We also request
23 that the leaseholders work closely with the Chamber to
24 provide as much information as possible regarding poten-
25 tial impact on the area. We feel with the cooperation

1 between the Chamber and the leaseholders any adverse
2 impact can be minimized. ****

3 Thank you very much!

4 *

5 JUDGE:

6 Any questions? (NO RESPONSE). Thank you sir.

7 Our next speaker is the Honorable Jim Eilson who is the
8 Mayor of the City of Kenai. Is Mr. Eilson present?

9 (NO RESPONSE). No doubt we will hear from him later.

10 Then the next speaker on our program is Mr. John C.

11 Overway of Automotive Parts and Equipment. Is Mr.

12 Overway here? (NO RESPONSE).

13 Alright, the next person scheduled is the Honorable
14 Lorraine Knight, Mayor of the City of Soldotna. Is

15 Mayor Knight present? (NO RESPONSE).

16 Next we have Mr. James W. LaBelle, Sr. of the Port
17 Graham Corporation.

18 MR. LABELLE:

19 My name is Jim LaBelle, I am President of the Port
20 Graham Corporation. I have some written testimony
21 which I will read.

22 Mr. Chairman, I appreciate this opportunity to testify
23 on behalf of the Port Graham Corporation with regard to
24 the proposed Lower Cook Inlet oil and gas sale.

25 The Port Graham Corporation is an Alaska Native Village

1 corporation organized pursuant to the Alaska Native Claims
2 Settlement Act. In its geographical area and in the
3 Port Graham community in particular, the establishment of
4 the corporation, like the Alaska Native Claims Settlement
5 pact itself, the State at large was an economic and
6 cultural milestone. Thus it is with dismay that an
7 informed reader of the Draft Environmental Impact state-
8 ment searches in vain for any reference to the Alaska
9 Native Claims Settlement Act or to the Port Graham
10 Corporation. To our way of thinking the sociological
11 discussion of native life is boiler-plate, derived from
12 secondary sources.

13 *

14 The Alaska Native Claims Settlement Act, adopted by
15 Congress in 1971, announced a national policy favoring
16 economic and cultural self-determination for the Alaska
17 Native people. Accordingly, one would have expected
18 that the Alaska Outer Continental Shelf office in prepar-
19 ing the Draft Environmental Impact Statement, would have
20 consulted in advance with the affected village corporations
21 and local village governments. Regretably, such consult-
22 ation did not occur - and yet the impact of oil development
23 in Lower Cook Inlet upon Port Graham, according to the
24 Draft Statement itself, could be severe. Sociologically
25 speaking the report warns that "heavy economic impact could

1 cause families to crumble". It further cautions that
2 "if oil were to impact this area, the Lower Cook Inlet
3 shoreline, the food supply would be virtually cut off
4 from English Bay and Port Graham - and oil spills would
5 affect a great many native people in a highly negative
6 manner".

7 *

8 An oil spill impacting native villages (the report adds)
9 is not mere wild speculation, the affect upon native
10 villages could occur within one day after an oil spill
11 from the blocks surrounding Point 9, according to the chart
12 of hypothetical release point, possibly wiping out all the
13 subsistence food gathering along the shoreline.

14 *

15 In the face of these substantial social and economic
16 risks the Port Graham Corporation expects that potential
17 bidders and government agencies involved in planning will
18 rectify passed-over sites and will consult with the village
19 and village councils at every step to minimize these
20 risks. This must be done in a manner that we do not
21 sacrifice our renewable resource for a repeatable one.

22 *

23 Notwithstanding the risks I have mentioned, and others,
24 the Corporation does not expect nor desire that plans for
25 the sale be deferred or cancelled but we do desire and we
do expect:

- 1) Recognition that the Port Graham Corporation represents the main economic hope of the native area residents;
- 2) That in any economic development that is oil-related in our area, the Port Graham Corporation must be granted an opportunity for participation, including employment opportunities for its shareholders;
- 3) That while support facilities may be located under mutually agreeable contracts upon private lands of the corporation, care should be taken to segregate these facilities from the immediate environs of Port Graham community to reduce unwanted community impact.
- 4) That in the development of the lease sale area every available precaution, regardless of cost and inconvenience, should be taken to protect the renewable resource of the Inlet. Properly managed the renewable resources can support generations of future Alaska and they may not be sacrificed for the sake repeatable resources whose development can benefit a single generation only.

*

The superficiality of the Draft Statement as shown in part by the inter-changeable references to communities of English Bay and Port Graham, I am sure that my friends in

1 English Bay who are counterparts in that village's
2 corporation, would agree with me that each village war-
3 rants separate studies. For example, Port Graham
4 is host to a commercial fish cannery and through a sub-
5 sidiary the village corporation operates a commercial
6 fishing vessel. Thus our commercial fisheries in-
7 terest is especially profound.

8 *

9 I can assure you that as a village corporation organized
10 for profit, we deal every day with the question of how
11 economic development can be brought to our village without
12 adverse cultural, social and environmental impacts. We
13 believe we have developed this special expertise in deal-
14 ing with this question, at least in the Port Graham
15 setting. In the broad national interest and our own
16 we are willing to share that expertise. We believe
17 consultation with us to this end is long overdue.

18 *

19 Only one prospective bidder has sent their representative
20 to Port Graham for meetings with our Board of Directors
21 to listen, as well as to advise - and we recall no first-
22 hand on-the-scene visitation by those developing the Draft
23 Environmental Impact Statement. All testimony however
24 should aim to correct past mistakes in the future, rather
25 simply bemoan the past.

1 We believe that our requests are reasonable and moderate
2 and we look forward to working with other concerned
3 parties in the spirit in which we offer them.

4 Thank you!

5 *

6 JUDGE:

7 Any questions from Mr. LaBelle?

8 MEMBER GILL:

9 Mr. LaBelle, as I understood your statement Port Graham
10 would entertain letting some of their land be used for
11 some onshore support facilities, with your control, which
12 of course it would be since you have control of the land.

13 MR. LABELLE:

14 That is correct. We do entertain some development but
15 we want to emphasize planning and control for this kind of
16 development.

17 MEMBER TRUESDELL:

18 I believe before you came this morning one of the oil
19 company representatives indicated they were going to visit
20 Port Graham on September 15th.

21 MR. LABELLE:

22 Yes, I believe the oil and gas - the people will come.

23 MEMBER WHEELER:

24 You probably know that your colleagues in English Bay
25 testified in Anchorage - very much strongly concerned
about the social, cultural and environmental impacts of

1 onshore development related to this lease sale. You
2 seem to suggest that while you recognize those impacts
3 that you feel your community has the wherewithal to deal
4 with those, or at least isolate those so as not to impact
5 traditional community values. I wonder if you could
6 share with us the means by which you hope to achieve that
7 isolation.

8 MR. LABELLE:

9 Well Port Graham has selected over 92,000 acres of land
10 and not all of it is in Port Graham - it extends towards
11 Seward and whatnot. Even the Bay itself is large
12 enough to support-support facilities of some kind - it
13 could be in the Bay without really causing any upheaval
14 in the community itself.

15 MEMBER WHEELER:

16 You're talking about the physical aspect of separation!

17 MR. LABELLE:

18 Right.

*

19 JUDGE:

20 Thank you very much Mr. LaBelle. Our next speaker
21 is Mr. Ken Castner.

22 MR. CASTNER:

23 Good morning - I am Ken Castner, I live in Homer. I
24 would like to address myself to several different aspects
25 of the Draft Environmental Impact Statement. The first

1 is that I'm a little bit embarrassed and I'm sure you
2 must be a little bit embarrassed about some of the un-
3 truths and things that were admitted, especially about
4 the impact here in Homer and what Homer is and how it
5 was described as a town in the Impact Statement.

6 This type incorrection (sic) seems almost to be a dis-
7 claimer about other things in the Impact Statement - where
8 someone can say 'well, if they don't have it right about
9 Homer then they don't have it right about the fish or
10 the game or other things'.

11 *

12 Secondly, I'd like to talk about the ability or the
13 management of the OCS tracts. The Federal Government in
14 many of their pursuits with public trust lands not only
15 minerals or OCS minerals but forests, fisheries and even
16 the Postal Service which the Federal Government runs -
17 has had in some cases many, many years of experience in
18 trying to run this public trust thing to the best interest
19 of all concerned, and after many, many years are still in
20 the process of fighting over and ironing out wrinkles
21 which exist in the other public trust.

22 *

23 In the case of OCS development I feel that we don't even
24 know how we want to use this capital that we have laying
25 out there underneath the ocean. There has been a

1 sudden movement to development to develop it - it is a
2 trust which we should use wisely and should use the
3 dividends or returns the best we can. I don't think
4 that using up those dividends in softening the impact is
5 a wise use of return. The oil and minerals out there
6 belong to everyone in the country but the impact is surely
7 on our shoulders here in this area. As I say, I don't
8 think that impact should be borne by this return.

9 *

10 I think that more time and research is needed to find
11 what actually is out there - what is worth x-amount of
12 dollars today is going to be worth xx-tomorrow and
13 xxx-the day after. I also question the premise that
14 it is in our national interest to develop these as quickly
15 as possible. There has been some testimony already I
16 believe as to an oil glut on the west coast after Prudhoe
17 Bay oil starts to be delivered.

18 *

19 In conclusion to sum it all up I think that in the future
20 these resources will be far more than they are now, can be
21 retrieved far more easily than they tend to be now, and
22 in our headlong rush for saving economies of the local area,
23 going from a food stamp economy to an economy - - a food
24 stamp economy which has been suggested exists now, to an
25 economy which is softened by impact funds seems to be the

1 same place that money is coming from through different
2 forms.

3 That's all I have to say!

4 *

5 JUDGE:

6 Any questions? (NO RESPONSE). Thank you very much.
7 Our next speaker is Mr. Ralph Oxenrider, Vice President
8 of Offshore Constructors, Inc. Is Mr. Oxenrider here?
9 (NO RESPONSE). Our next speaker is Mr. Daniel
10 Hennick, Marine Biology Consultant. Is Mr. Hennick
11 present? (NO RESPONSE). The next person listed
12 is Miss Joyce Nelson, representing the Cook Inlet Council
13 on Alcoholism. Is Miss Nelson here?

14 MISS JOYCE NELSON:

15 Judge Cook, members of the panel, I am Joyce Nelson from
16 the Cook Inlet Council on Alcoholism. I have read the
17 study and there are some concerned people in the impact
18 study - that if we follow the United States and the rest
19 of the State of Alaska that in our area there will be a
20 600% increase in alcoholism.
21 We are not prepared for anything like this at this time,
22 in Homer we do not even have a jail that can hold anybody
23 that is intoxicated; we do not have a detoxification center
24 in our area, social study or otherwise. Our hospitals
25 are already overcrowded. This week the Homer hospital

1 has had three people that were in there for alcoholism
2 (and it's a very small hospital). We feel that in our
3 area we do need a treatment center, especially if we're
4 going to have an impact like that. It has been stated
5 in the Impact Statement that there will be - that all
6 crimes will increase, all alcohol-related crimes; we
7 already have 80% of all crimes in the area which are
8 created from alcohol or alcohol abuse.

9 *

10 We need to look at becoming prepared for this and we are
11 going to need help. The only thing we have in the City
12 of Homer is a one-day office for five hours that is work-
13 ing with the Judges and the hospital and Dr. Sexton on
14 alcoholism. It also stated in there that our mental
15 health problems will increase.

16 This is another area I think should be looked at because
17 we do not have a big enough staff in this area for that
18 large an increase. The places that will have the
19 biggest culture shock it said are Port Graham, Seldovia,
20 Ninilchik and English Bay. They have no facilities
21 of any kind for alcoholism programs in those areas. We
22 have not been able to get the funds to get anything started
23 over there - and this is of major concern to me.

24 I am not saying that we should not have the oil drilling
25 or sale but I am saying I think some steps are going to

1 have to be taken for what the impact study said will be
2 happening here.

3 That's all I have to say!

4 *

5 JUDGE:

6 Any questions?

7 MEMBER WHEELER:

8 Miss Nelson, is the Council in any way at all supported
9 by the City or the Borough?

10 MISS NELSON:

11 Not at this time. We do not have any support - it was
12 concerned citizens that got together and formed a cor-
13 poration. We have written for grants for the area
14 and they are all in the process of having something done.
15 At the Borough Assembly the other night - - we're going
16 to have an ordinance to have it voted on - whether the
17 Borough Hospital Service area and the Kenai-Soldotna
18 area will be on the ballot on October 5th as to whether
19 they should fund part of getting a social study detoxi-
20 fication center going here.

21 MEMBER GILL:

22 A 600% increase, I don't quite follow where that comes
23 from.

24 MISS NELSON:

25 It says in the Impact Statement (and I didn't bring it

1 with me as I wasn't supposed to be on until this after-
2 noon) - but it says that if we follow the rest of the
3 State of Alaska and the boom towns outside that there will
4 be a 600% increase in alcoholism.

5 *

6 JUDGE:

7 Thank you very much Miss Nelson. Our next speaker
8 is Mr. David L. Bentley.

9 MR. BENTLEY:

10 Judge Cook, gentlemen, I am Mr. David Bentley, I have
11 lived here in the Homer area for eight and a half years,
12 and have been a continuous resident of Alaska for twenty
13 years.

14 I assume Your Honor that you are a lawyer!

15 * * JUDGE:

16 I am

17 MR. BENTLEY:

18 Are any of you other gentlemen lawyers? (NO RESPONSE).
19 Even Mr. Ferrand stated before this hearing started that
20 it was not specifically oil-flavored (sic). I wouldn't
21 wish either of you two as a defense attorney in a capital
22 case. I feel when taking a look at this Environmental
23 Statement that you have written the best case possible
24 against oil development in the Cook Inlet. You've done
25 more than any arch-preservationist or conservationist

1 could do. The whole thing right down the line with it,
2 the probability of spills, the amount of oil spills, the
3 fact that in the Environmental Statement on page 665 you
4 state that concentration of petroleum hydrocarbons seems
5 comparable to a concentration of DDT and PCB in the fatty
6 tissues of fish, shellfish, etc. and marine mammals.
7 The possibility of non-adapted behaviour responses because
8 of oil pollution, and especially for the homing instinct
9 for our anadromous fish - and you have said nothing as far
10 as what is really going to be done to alleviate any
11 problems over in the Tamashak Bay area as far as the bear
12 population is concerned over there.
13 There is nothing in the Statement - - it does provide for
14 cleanup by the oil companies, there's nothing in there for
15 rehabilitation of those areas, those beaches and fisheries
16 resources that are impacted by it.
17 Other than that I think Mr. Castner fairly well covered
18 what I wanted to say here. Anything I would say in ad-
19 dition to that would be pretty redundant, except for one
20 thing: We are living in a world that is very greatly
21 increasing in human population; we've got a choice, we can
22 either furnish transportation for this oil and let every-
23 body starve and go without clothing, or we can use our
24 petrochemical resources for fertilizers and fabrics and
25 medicines and let them walk. That seems to be the only

1 alternative. As far as the leasing out here is con-
2 cerned I feel that (1) we should hold off on leasing
3 until the government has done some drilling out there
4 and there has been more of a study made of the impact on
5 the biological food chain, especially in the Inlet.
6 (2) I think alternatives (A), (B) and (C) as far as the
7 leasing is concerned those areas should be eliminated
8 from the lease area.

9 *

10 Other than sit here and be redundant with what other
11 people have already said, I thank you very much for
12 listening.

13 *

14 JUDGE:

15 Any questions of Mr. Bentley?

16 MEMBER FERRAND:

17 Mr. Bentley, I think it might be helpful for me to explain
18 that one of the purposes of the Environmental Impact
19 Statement is to depict the worst of circumstances - -

20 MR. BENTLEY:

21 - - oh yes sir, I was going to bring that up. Portraying
22 it at the worst level, yes

23 MEMBER FERRAND:

24 That does tend to make a somewhat dramatic proposal against
25 the actual- - -

1 MR. BENTLEY:

2 Myself I think that's the right way to look at it, look
3 at the worst and then anything less than that is your own
4 good fortune.

5 *

6 JUDGE:

7 Our next speaker is Professor Marie C. Doyle, University
8 of Alaska, Department of Psychology. Is Professor
9 Doyle present? (NO RESPONSE).

10 Alright, our next speaker is Mr. Paul Jones, Vice President
11 of North Pacific Fishermen's Association.

12 MR. JONES:

13 Honorable Judge, members of the hearing panel, ladies and
14 gentlemen - my name is Paul E. Jones, Box 697, Homer,
15 Alaska.

16 I am a 37-year resident of the Kachemak Bay area; I am
17 self-employed as a commercial fisherman and a registered
18 guide. I also serve as the Mayor of Kachemak City, a
19 second-class city adjoining Homer, and am Vice President
20 of the North Pacific Fishermen's Association, a local
21 fishermen's organization.

22 At this time I wish to thank the people responsible for
23 holding this hearing in Homer. My position concerning
24 oil development in Lower Cook Inlet is not anti-oil, but
25 pro-fish, as my testimony will bear out. Since my

1 livelihood is dependent upon the renewable resources of
2 the Cook Inlet area, I am very much concerned about the
3 impact the lease sale will have upon this area and its
4 resources in the years to come.

5 *

6 The area involved in this sale is either in or adjacent
7 to an extremely rich marine habitat which is well docu-
8 mented and thoroughly recognized.

9 Although I do not concur national need (and I insert the
10 word 'need' instead of 'interest' here) - - although I do
11 not concur national need has dictated that we develop this
12 area for their petroleum resources. Also, private in-
13 dividuals have expressed their desire for this development
14 in order to boost the economy of the onshore areas adjacent
15 to the lease areas.

16 *

17 I wish to add to my testimony at this time that although
18 I do not agree with prior testimony stating that our
19 economy is strictly a food-stamp, etc. type economy, I
20 would tend to differ with that opinion. I would like
21 to go at this time and state my reasons for disagreeing
22 with the oil lease sale at this time.

23 In 1977 or on completion of the pipeline there will be a
24 500-thousand barrel surplus of oil - and although it is
25 against the law at the present time, pipeline officials

1 have stated that oil would be exported (as much of the
2 Cook Inlet gas is at the present time). There are at
3 least two ships a week leaving with gas.
4 As noted in the Federal EIS this development will have
5 many adverse effects on the fisheries and wildlife re-
6 sources. Fishermen can also expect loss of fishing
7 areas, - - I should explain something when I say 'fishing
8 areas' not necessarily through loss of the fish but through
9 our inability to fish in the areas that will be developed
10 through oil exploration. I'm sure many of you can
11 understand this.
12 And when I say 'gear conflict' I mean fixed and stationary
13 gear at the present time suffers a tremendous loss through
14 marine traffic. This marine traffic will be increased
15 at the time of oil development. At the present time
16 there are literally thousands of pots with fixed floating
17 buoys on them that are present in the Inlet and there is
18 also considerable loss from natural causes. There will
19 be increased loss through increased marine traffic having
20 to do with oil development in the Inlet.
21 Now this creates a tremendous hardship on the fishermen
22 and the fact that they must replace this lost gear - it
23 is just as bad as losing the fish. You lose the capabil-
24 ity to fish and you lose the cost of the equipment used to
25 catch the fish - you have suffered a tremendous financial

1 loss and at the present time there is no way that any-
2 body can come about replacing this gear, either through
3 Federal help or any other type help, and it's not given
4 any kind of tax relief either.

5 *

6 Having considered the increased competition and what we
7 as fishermen can expect - we can expect increased com-
8 petition for harbor facilities. At the present time
9 the harbor facilities here in Homer are very minimal,
10 they can't even accomodate a fishing fleet that is pre-
11 sent at the time. There are many, many boats that are
12 on the waiting list to get into the Homer harbor at the
13 present time and oil development would just further in-
14 crease the competition for the Homer harbor facilities,
15 berthing or whatever they might need.

16 It is noted in the impact statement that we could expect
17 but not necessarily loss of fish stocks conclusion -
18 and so, having considered these aspects I propose the
19 following in relation to oil development in the Lower
20 Cook Inlet: (1) that development utilize to the maximum
21 the present facilities in Cook Inlet - and by the
22 'present facilities' I mean the present facilities that
23 are also located in the northern part of the Inlet. They
24 include the docks, receiving stations, the tremendous
25 amount of businesses that are related with the pipe

1 business and so on and so forth. I propose that we
2 utilize these to the maximum.

3 Now the second thing is the Kachemak Bay, including the
4 three mile limit and a ten mile buffer zone should not be
5 leased.

6 There's a further stipulation that was noticed and many
7 of us feel that it is very inaccurate - at the present
8 time I would stipulate that there be adequate oil spill
9 cleanup devices and at least one backup rig capable of
10 equal performance - and by that I mean should the drilling
11 begin and the rig that is drilling at that site have a
12 problem that the rig becomes incapacitated there should be
13 a backup rig - and I'm stating only one, even though there
14 may be several drilling sites at the same time. I ask
15 that there be at least one backup rig capable of perform-
16 ing the same task so in the event there is a problem there,
17 a blowout or whatever it might be, even though the chances
18 are remote this rig would be able to take over and able to
19 assist in anyway it can. These rigs should be present
20 before any drilling would be allowed and should be so stated
21 in the leases.

22 The location of onshore facilities such as pipeline ter-
23 minals, petroleum storage, ballast pumping station, refin-
24 ing, liquid gasification and whatever it might be it
25 should be located outside the boundaries of Kachemak Bay

1 in order to insure a minimum risk to this rich area.

2 *

3 During the past year we've had quite a bit concerning
4 oil here and some of the things that were done was the
5 area from Anchor Point to Happy Valley Creek was deleted
6 from the critical habitat area. This area was deleted
7 because it does furnish of a type a deep water area to
8 this part. I think this area should be considered
9 as a possible site for a deep water port - and this port
10 should be capable of handling the oil production phase
11 of oil development in the Lower Cook Inlet. I am
12 suggesting this as a POSSIBLE site.

13 *

14 The low risk areas should be developed first and the
15 production phase should be timed as to provide our
16 nation's need for energy independence. What I'm saying
17 here and I'll explain a little bit is that if at the
18 present time we do not have a ready market within our
19 own country for oil that we are going to produce in the
20 near future, then I say that our production stage should
21 NOT go into effect to feed other nations through ex-
22 portation. I would much prefer that any oil that is
23 developed from this high risk area, if we're going to
24 take the risk to develop oil in this area gentlemen, I
25 think the oil should be guaranteed - that goes to fill

1 this national need that dictates that we drill here in
2 the first place. I don't think it should be allowed to
3 be exported under any circumstances.

4 *

5 In closing I would like to state that one of my references
6 in preparing this testimony was a book called Onshore
7 Planning for Offshore Oil - and it's called Lessons from
8 Scotland. I feel that these lessons learned could be
9 used as a valuable guideline for all of us involved in the
10 oil development of Lower Cook Inlet.

11 Also before I close I'd like to leave - to read a passage
12 here concerning the Impact Statements and so on and so
13 forth. It says "Local and State governments should sup-
14 plement Federal Impact Statements with environmental state-
15 ments of their own on each onshore development proposal of
16 the oil operations and their supporting industries.
17 Federal environmental statements may prove insufficient to
18 enable local and State governments to understand the po-
19 tential impact of the new supply base - pipeline, terminal,
20 oil storage or platform construction site proposals.
21 Industries proposing such facilities should be asked to
22 support and pay for independent analysis needed to assist
23 the impacts of or alternatives to each oil-related proposal.
24 Such impact studies should pay particular attention to the
25 proposal's direct and indirect effects on community growth

1 employment, population shifts and other environmental
2 effects'- and I thoroughly agree with that statement.

3 I thank you at this time!

4 *

5 JUDGE:

6 Thank you. Are there any questions of Mr. Jones?

7 MEMBER GILL:

8 Mr. Jones, would you tell me - * you give us Happy Valley,
9 an area you thought might be considered - -

10 MR. JONES:

11 - - with your permission I'd like to go a little further
12 on it. There was a proposed critical habitat area
13 that came from Boulder Point to Anchor Point - - - from
14 Anchor Point inside Kachemak Bay is already a critical
15 habitat area. This area from Happy Valley Creek (if
16 you'll notice on your chart - it's below Ninilchik) to
17 Anchor Point was deleted from the critical habitat area
18 and is not at the present time included. My proposal
19 is that this would be a possible site for the onshore
20 development of the production phase - and I stress the
21 'production phase' there.

22 *

23 JUDGE:

24 Any other questions? (NO RESPONSE). Thank you very much

25 *

1 JUDGE:

2 Our next speaker is Mr. Richard Robinson who is a member
3 of the Kachemak Bay Defense Fund.

4 MR. ROBINSON:

5 Judge Cook, members of the panel, I want to thank you for
6 allowing me to speak here this morning. I have pre-
7 pared a statement which I will review.

8 I have reviewed the Draft Environmental Impact Statement
9 and would like to submit for your consideration the follow-
10 ing comments:

11 I am 53-years of age, property owner and a permanent
12 resident of Homer, Alaska. I am a licensed general
13 contractor and am engaged in the building and rental
14 business - I am also a member of the Kachemak Bay Defense
15 Fund, which is an organization formed to protect
16 Kachemak Bay from industrial pollution. This group
17 has devoted itself to raising funds, disseminating
18 information and sponsoring legislation designed to pro-
19 tect Kachemak Bay.

20 When the State of Alaska held oil lease sales in December
21 of 1973 our organization asked for a delay in the sale
22 and a baseline study to determine if drilling and oil
23 production would adversely affect or destroy the rich
24 marine life of the Bay. The State and the oil
25 companies refused to make such studies at first but

1 through the continued efforts of this organization and
2 other groups and individuals the studies were finally
3 initiated. The leaseholder oil companies refused to
4 delay drilling and finally it was necessary to institute
5 legal action in the courts to compel them to delay.
6 Ultimately the Bay was declared to be a critical habitat
7 area by Act of the State Legislature, passed in 1974, and
8 in 1975 the State Legislature, by Senate Bill 720, further
9 provided for condemnation of the leases.

10 The passage of this legislation shows the concern of all
11 the people of Alaska for Kachemak Bay.

12 I therefore direct your attention to the fact that
13 Kachemak Bay has been recognized as a prime producer of
14 fish, crab and shrimp, probably one of the richest areas
15 in the world. The Draft Environmental Statement does
16 not set forth these facts sufficiently nor as a factor to
17 be considered in regard to location of terminals or other
18 oil transfer sites.

19 *

20 We are not faced with the possibility of oil pollution by
21 activities which may be carried on outside the Bay but in
22 such close proximity that they constitute a continuing
23 hazard. A serious oil spill could result from oil or
24 gas exploration, production, or the transportation of oil
25 by tankers or pipelines in or adjacent to the Bay.

1 We believe that tanker traffic and the location of marine
2 transfer terminals should be kept out of Kachemak Bay for
3 the reasons heretofore stated.

4 We do not believe that workboats, standby vessels, tenders
5 or other vessels which do not transport quantities of oil
6 constitute a serious hazard in Kachemak Bay although
7 they do-DO serious damage to fishing gear by negligent
8 operations.

9 *

10 I believe that the proposed oil lease sale should be
11 delayed until all appropriate baseline studies are com-
12 pleted. The Draft Statement shows that a delay from
13 six months to one and one-half years would allow for
14 completion of any such studies.

15 I would also urge the adoption of alternative Plan A,
16 deleting Blocks 1 and 2, comprising eleven tracts or some
17 7% of the proposed sale area. According to the Draft
18 Statement oil spills originating from these areas have a
19 high damage potential to critical areas within one day of
20 the spill. This would offer protection from Anchor
21 Point to Ninilchik as well entrance of Kachemak Bay.

22 I would also urge the adoption of alternative 'C' whereby
23 Blocks 9 and 10 comprising 18-tracts or 12% of the pro-
24 posed sale area would be deleted. This is contained
25 on Draft Statement Volume 2, page 1146.

1 These areas have a high potential for damage to critical
2 areas within a short time after a spill. By deleting
3 these blocks from the sale the more remote tracts would
4 be developed first. This would afford the developer
5 more time in which to perfect his technology to contral
6 spill damages. Experience has taught us that the
7 present ability of the oil companies to control spills in
8 this area is very poor.

9 *

10 In closing I wish to point out to you and impress upon you
11 the importance of preventing oil pollution in Kachemak Bay,
12 which has been described as one of the richest and most
13 productive marine environments in the world. We recog-
14 nize the importance of petroleum to the nation but must
15 also remind you that food is equally important and this
16 Bay is a prime producer of food for the nation.

17 Thank you very much!

18 *

19 JUDGE:

20 Any questions?

21 MEMBER HOFFMAN:

22 Sir, you mentioned a poor showing in oil spill containment
23 do you have any particulars?

24 *

25 *

1 MR. ROBINSON:

2 Well the most recent incident was the rig out here -
3 the machinery was forced up by the tide, they couldn't
4 let it down and it spilt the oil and they had no way to
5 contain it within their machinery. Also they had no
6 booms that would go around - they had to wait quite a
7 while to get the proper equipment to contain a very small
8 spill.

9 *

10 JUDGE:

11 Thank you very much Mr. Robinson. Our next speaker
12 is Mr. Jerry Anderson, of Ability Surveys.

13 MR. ANDERSON:

14 Judge Cook, members of the panel - my name is Jerry
15 Anderson, my address is Box 1263, Homer. I have been
16 a resident of the Lower Kenai Peninsula throughout my
17 adolescent and adult life for some-19-years. I am sole
18 owner of Ability Surveys and Engineering with the main
19 office in Homer and affiliates in Anchorage and
20 Pocatello, Idaho. I am Chairman of the Committee to
21 promote utilization of the Port of Homer.
22 I have reviewed the Draft Environmental Impact Statement,
23 I will not pretend to have read the whole thing (that's a
24 monumental task). I have scanned through it and read
25 what I consider to be some of the more pertinent parts.

1 I would like to compliment the people who put together
2 the statement - I have helped prepare comprehensive
3 studies similar to this and I think they've done an
4 excellent job. There are of course areas where mis-
5 information or perhaps information missing but I think
6 all in all there was an excellent job done.

7 *

8 I would like to suggest that we take a look at this
9 Environmental Impact Statement several years in the future
10 and try to evaluate the benefits of Environmental Impact
11 Statements in general. I have a terrible suspicion
12 that primarily they are some times an exercise in futility.
13 I would like to see an additional chart put in the state-
14 ment that I didn't see in there and I think would be quite
15 helpful and that would be a dollar-for-dollar comparison
16 of the economic benefits to this area from the oil produc-
17 tion and the economic benefits to the area from fishing.
18 I strongly suspect that even though this has been quoted
19 as one of the richest fisheries resources in the world, I
20 strongly suspect that we would find that we could afford
21 to support each and every fisherman in Kachemak Bay in a
22 manner far above and beyond what he has become accustomed
23 to for a great number of years and still have lots of
24 money left over from the oil development.

25 *

1 I believe that the impact to the fisheries (or to the
2 fish, not the fisheries) will be minimal, even in the case
3 of a catastrophic spill the impacts would be great but I
4 believe they would also be temporary.

5 *

6 I have noticed the same thing that Mr. Manley spoke
7 about, increased job applicants - I've had perhaps an
8 average of four people a week come into my office looking
9 for work, and the majority of them are skilled people.

10 *

11 The greatest impact that will come to the Homer area will
12 be in the form of increased people, increased residents.
13 I think one of the areas that will be hardest hit, hardest
14 pressed would be sewage disposal and water facilities.
15 We have that problem now, it has lessened somewhat since
16 the George Ferris left because activity in real estate
17 sales and home building in general has taken a small de-
18 cline. I expect this will increase rapidly when the
19 sales are eventually let. I would like to see the City
20 of Homer in particular and the Borough in general get the
21 greatest amount of Federal impact funds that they can to
22 cope with some of the situations that are going to be
23 brought about. I would like to see that money come
24 directly to the City of Homer or to the Borough and not
25 be funneled through fifteen different bureaucracies and

1 four or five levels of State government first and the
2 pennies drop out at the end.

3 *

4 Alaska is not a sovereign nation unto itself and we must
5 bear our share of the responsibility to provide what re-
6 sources we have with the rest of the nation. It has been
7 stated that we have the possibility of an oil glut with
8 some of this oil going to Japan. If this is the case
9 that some of our oil does go to Japan it will still help
10 our balance of payments situation, we will still be pro-
11 ducing a far greater share of what we are consuming.
12 If we send fifty barrels of oil to Japan and take fifty
13 barrels of oil from Arabia to the east coast the only thing
14 that we've done is to make the best utilization of our
15 transportation services.

16 *

17 I have been here longer than anybody that I have ever met
18 who is a member of the Kachemak Bay Conservation Society,
19 I have seen the impacts caused by these newcomers, the
20 same impacts I caused when I was a newcomer, and I feel
21 that we cannot close the door to more people who want to
22 live here, who want to move here. The preservationists
23 that inhabit our country must expect to be donw unto as
24 they have done. The preservationists and the conserv-
25 ationists can't seem to ever be satisfied. It's kind of

1 It's kind of like the camel getting his nose in the tent.-
2 First it was the crab sanctuary which is the area enclosed
3 by a line coming south from Bluff Point and west from the
4 end of the spit; next it was Kachemak Bay in its entirety;
5 then the three mile limit and then this morning I've heard
6 a request for a ten mile buffer zone. How far can we
7 buffer it before we have our drill rigs setting in Tokyo?

8 *

9 One of our Legislative candidates made the comment that
10 we have to take a real look at these economic benefits,
11 that the quality of life cannot be measured simply by the
12 thickness of someone's pocketbook, or the thickness of your
13 individual pocketbook. I would like to assure you that
14 the quality of everyone's life here can definitely be
15 measured by the thickness of someone's pocketbook.

16 *

17 The effects of a healthy economy are noticed everywhere,
18 the spinoff effects are tremendous. When I first came
19 to this country there weren't very many vehicles running
20 up and down the highway that you could hitch a ride with
21 if you didn't happen to have a car - - I've seen it go
22 from a moose and potato economy to what is indeed a food
23 stamp economy. Even the people who are gainfully em-
24 ployed who have their own businesses are definitely being
25 helped and benefited by the thickness of everyone else's
pocketbook.

1 We have studied this thing practically to death, it has
2 been admitted that the only way we're going to get more
3 information rather than just compiling previous studies
4 is to actually drill in the Inlet to find out what is
5 there, to do some production. These oil spill cleanup
6 devices I don't believe can be improved on very much until
7 they've actually been given a test under actual spill
8 conditions. And for heavens sake, let's not let the
9 Federal Government do the exploratory drilling out here -
10 I have not seen anything that the Federal Government has
11 ever done that they have done in a manner which was not
12 completely inferior to what can be done by private
13 enterprise.

14 Thank you!

15 *

16 JUDGE:

17 Any questions? (NO RESPONSE). Thank you very much.
18 Our next speaker is Mr. Michael O'Meara.

19 MR. O'MEARA:

20 Judge Cook, members of the panel, ladies and gentlemen -
21 my name is Michael O'Meara, I am a resident of the North
22 Fork Loop Road area, approximately ten miles out of Homer.
23 I would like to stick very close to the document itself in
24 the comments that I will make.

25 *

1 The following testimony represents an overview of main
2 points which occurred to me with initial study of the
3 Department's Draft Impact Statement. Recognizing
4 the complexity of that document I wish to submit a more
5 detailed addendum to these general, preliminary comments
6 at a later date. In this way I hope today to be somewhat
7 brief.

8 *

9 Contained within the impact statement are many interesting
10 facts, thought provoking assumptions, and startling pre-
11 dictions. Viewed from the position of the person resid-
12 ing in the Lower Kenai Peninsula region, they seem to
13 represent a combined image of vast and immediate alter-
14 ation of the physical, social and economic scene. To
15 quote from page 1090 'These areas can be expected to under-
16 go major transformations as a result of proportionately
17 large scale immigration'. On this same page it is in-
18 dicated that this transformation will center around Homer,
19 while further on page 1123, it states that 'people will
20 suffer from the social disorganization of boom growth'.
21 We are told again on page 1090 that 'alteration of the
22 pristine quality of the surrounding area' will occur.
23 Finally, on page 1114 it is pointed out that 'any benefits
24 which might accrue . . . would primarily accrue to the
25 populations in the other parts of the United States more

1 than the people of Alaska'. How is it possible for
2 anyone now enjoying the existing qualities of this area
3 and living here by choice, to view this proposed lease
4 sale with anything but extreme trepidation? It is my
5 opinion, based on many of the forthright statements to be
6 found in the Draft Impact document, that the proposed
7 lease sale is not in the best interest of the people of
8 the Kenai Peninsula, Alaska, or the nation. In support
9 of this view I ask that you consider the various aspects
10 of two problem areas: (1) Unavoidable adverse social,
11 economic and environmental effects; and (2) multi-faceted
12 ignorance of environmental conditions.

13 *

14 For the first: We are informed in Section Five of the
15 Impact Statement that the term 'unavoidable' refers to
16 those impacts which will occur regardless of proposed
17 mitigating measures. It seem mandatory therefore to
18 consider items discussed in that section to be the minimum
19 costs of development of this outer continental lease
20 proposal.

21 *

22 The social cost factor will be high. Direct quotations
23 from the Impact Statement indicate:

24 *** 1) It is likely that the native culture will be
25 damaged or destroyed'.

1 *** The public supply of water, sewer and other utility
2 services to the resident population and industrial
3 facilities will be strained, perhaps beyond its cap-
4 abilities'.
5 *** Any increase in population would require services
6 beyond the projected capacity of carious components
7 of the infrastructures'. 'Demands would be made for
8 more schools, housing, services and government'.
9 *** These impacts will be to increase crime rates,
10 divorce rates and mental illness rates'.
11 *** Arrest categories likely to increase will be assaults,
12 driving while intoxicated, theft, prostitution,
13 commercial vice and perversions'.
14 *** The communities of Homer, Kachemak, Anchor Point,
15 Ninilchik and Clam Gulch do not have jail facilities or
16 they have inadequate ones'.
17 *** The regional hospitals in the Lower Cook Inlet region
18 currently just meet the needed size for the existing
19 population'. 'Thus, a vast in-migration of popu-
20 lation would over-extend existing services'.
21 *** Such social difficulties seem to me the logical re-
22 sult of a rapid influx of some ten to twenty thousand
23 industry workers, non-employed immigrants, dependents,
24 drifters and prostitutes! It is difficult to
25 believe that the State and local communities are

1 expected (in the words of the Statement) 'to carry
2 out their own onshore community and land management
3 planning'.

4 If we consider economics, the 'unavoidable adverse' ef-
5 fects of the proposal have the potential of devastating
6 local tourism and commercial fisheries. The annual
7 dollar value of these industries is substantial. With
8 information from the Impact Statement for the years 1972-
9 1974, we are able to compute a total combined annual value
10 to the local economy of \$27,496.00. Both industries
11 depend upon renewable resources and could be expected to
12 provide income for an indefinite period of time.
13 Being labor-intensive they could produce greater relative
14 employment potential than the capital intensive petroleum
15 industry. Yet we may be required to sacrifice our
16 tourism and commercial fishing for the petroleum develop-
17 ment as the following statements from the Draft point
18 out:

19 *** Fish resources and man's use of them may be more
20 adversely affected than any other resource of the
21 area'.

22 *** Approximately 71,600 barrels of crude oil are pro-
23 jected to be spilled during peak production in the
24 Lower Cook Inlet and along the transport route'.

25 *

1 *** About 70% of benthic marine animals have a planktonic
2 larval life'.

3 *** Zooplankton are a major contributor to the food web
4 of Cook Inlet'.

5 *** Large oil spills will probably cause massive kills
6 of planktonic larvae'.

7 *

8 Numerous similar statements indicate that pollutants
9 from spillage of crude oil, discharge of formation waters,
10 release of drilling mud would continuously threaten food
11 sources and larval forms of crab, shrimp, clams, scallops
12 and halibut for a period of 25-years.

13 *

14 To further quote from the contents of the Statement:

15 *** The area on the east side of the Inlet has a high
16 recreational use and potential which would be re-
17 duced by the development'.

18 *** The one quality certain to be lost is that of wilder-
19 ness and this will be a long-term loss'.

20 *** . . . Effects of the proposed oil and gas development
21 on fisheries, mammals and birds would principally be
22 caused by introduction of oil and other contaminants
23 into the environment. The result would be habitat
24 and stock destruction, increased human pressure from
25 access to dwindling supplies of sport fish and game
animal stocks ... '.

1 *** Increased human access to fishing and hunting re-
2 sources would most likely serve to further decrease
3 the opportunity to hunt and fish . . .'.
4 *** . . . Aesthetic damage to the nearby landscape in the
5 form of alterations of the natural topography could
6 detract from visitors' enjoyment and appreciation
7 of such places'.
8 *** It should be noted that the coastal terrain most
9 favorable for onshore, oil-related developments could
10 also be the most desirable for recreational use.
11 This commitment could irretrievably modify prime,
12 accessible land with a high potential for recreational
13 use'.
14 *** Additions to the onshore air pollution will result
15 from normal operating procedures of storage, treat-
16 ment and terminal facilities that will be built'.

17 *

18 Since the majority of our tourists seem to be drawn to
19 the region by its wilderness character, to hunt, fish,
20 camp and photograph its natural beauty, they could not be
21 expected to continue coming once that natural abundance
22 is altered.

23 *

24 Much of the information so far presented obviously has
25 reference to the effects of the proposal upon the physical

1 environment also. Other 'adverse effects' could well
2 endanger our health. Routine low level pollution of
3 inlet waters by crude oil, drilling mud and formation
4 waters, we are told, could lead to potential food chain
5 accumulation and magnification. Since people are at the
6 end of many such food chains, the probability of ingesting
7 biologically concentrated contaminants is a serious threat
8 to the well being of all local residents.

9 *

10 To summarize the writers of the Draft Statement have given
11 us an impressive picture of what we can expect should
12 this proposed oil and gas development take place. While
13 it is my feeling that the potential for destruction that
14 is indicated is adequate to justify cancellation of the
15 proposed lease sale, our present ignorance of the geology
16 and biology of the region should preclude development at
17 any rate.

18 *

19 That leads to my second major point, Ignorance of
20 Environmental Conditions:

21 If, as stated in the Draft, it is the objective of the
22 Department to 'preserve and develop' the nation's coastal
23 zone resources, adequate information about the nature of
24 these resources is required for sound management. The
25 impact statement is replete with documentation of our

1 ignorance regarding the nature of the Lower Cook Inlet
2 region. For examples I turn once more to the body of
3 the Draft:

4 *** ... east-west Augustine-Seldovia arch, faulty - the
5 primary subsurface structural feature of Cook Inlet..
6 .. isn't currently well understood'.

7 *** The potential of shaking as a danger to structures
8 such as drilling platforms within the Inlet itself
9 is uncertain'.

10 *** The distribution of active surface faults within the
11 Lower Cook Inlet is poorly known'.

12 *** Climatic data is lacking for the western and lower
13 regions of Cook Inlet toward Shelikof Strait.

14 *** There is little air quality data available for the
15 west side and the lower reaches of the Inlet'.

16 *** Limited information exists describing the biological
17 communities and their productive capacities along
18 the east shore, Kenai Peninsula, beaches'.

19 *** Total numbers of king crab in Cook Inlet is
20 unknown.

21 *** There is no information available regarding numbers
22 of razor clams in Cook Inlet'.

23 *** Quantitative information on the abundance of marine
24 fish species in Cook Inlet is limited'.

25

1 *** Except for halibut there is no information avail-
2 able for the abundance of demersal fish species'.
3 *** There is very little qualitative or quantitative
4 information available for pelagic and coastal birds
5 inhabiting Cook Inlet'.
6 *** There is a dearth of biological information for the
7 cetaceans that occur in Lower Cook Inlet'.
8 *** The status of knowledge concerning the size, distri-
9 bution and biology of marine mammal populations in-
10 habiting Lower Cook Inlet varies from a total dearth
11 of information to crude estimates of abundances and
12 distributions'.
13 *** It is not known specifically how long a slick would
14 persist in Lower Cook Inlet'.
15 *** No tests have been conducted which demonstrate the
16 efficiency ie. percent oil recovered from the open
17 ocean of an oil recovery system for the Lower Cook
18 Inlet'.
19 *** Sublethal, carcinogenic and food chain uptake im-
20 pacts are largely unknown but could be the most
21 severe effects of oil production in the marine
22 environments'.

23 *

24 *

25 *

1 Being aware of the lack of information available to it,
2 the Department has initiated or accepted proposals for no
3 less than 32 studies, ranging from geologic hazards to
4 marine mammals. These will however, require up to five
5 years in some instances to complete, we are told.
6 So again, the information contained in the Draft Statement
7 seems to make it obvious that knowledge which would be
8 vital to the responsible development of the resource in
9 question will not be available for years. It would
10 seem impossible that a final environmental impact state-
11 ment could be written given our current state of ignorance.
12 This in turn argues for cancellation of the proposed lease
13 sale.

14 *

15 In conclusion I would like to restate that I find the
16 Draft Environmental Impact Statement to be a most impress-
17 ive and unusually straightforward presentation of the ex-
18 isting facts. Through preliminary study of the con-
19 tents I have been convinced that the many potential
20 'unavoidable adverse' impacts and our unusual ignorance
21 of regional environmental characteristics makes the pro-
22 posed lease sale most inadvisable. My recommendation
23 at this time is that the Department of Interior adopt
24 Alternative C and withdraw the sale. With this action
25 I would hope that we might pursue some of the alternatives

1 listed in the Statement on page 1160, ie. energy conser-
2 vation, solar energy, geothermal energy, conventional oil
3 and gas supplies, etc.

4 *

5 While I realize that all of the foregoing deserves further
6 discussion, as previously stated, in the interest of time
7 I would like to present such comment as a written addendum
8 at a later date.

9 Thank you very much!

10 *

11 JUDGE:

12 Any questions of Mr. O'Meara? (NO RESPONSE).

13 In view of the hour we will now recess for lunch and re-
14 turn and reconvene the hearing at 2:00 o'clock.

15 TIME

16 OUT

17 FOR

18 LUNCH!!

19
20 JUDGE:

21 Very well, the next person listed on the program is Mr.
22 Jim Jacobs, is Mr. Jacobs present?

23 MR. JACOBS:

24 My name is Jim Jacobs, Sterling Route, Homer. Judge
25 Cook, members of the panel, I do not have a written

1 prepared statement to submit - I just put my name on the
2 list after coming to the hearing today.

3 I do not have the polish and education as some of your
4 people giving testimony have representing the Sierra Club
5 and some of the other organizations. I have worked on
6 oil platforms in Cook Inlet, I came to Alaska in 1968
7 running cattle from New Mexico. This venture was not
8 too successful as the climate is not ideal for that.
9 I have worked around the platforms in Upper Cook Inlet
10 for five years, I know the environment there is harsher
11 than the Lower Cook - I also know there have been no major
12 spills or damage up there.

13 Their attitude and ability to handle environmental impact
14 has improved tremendously, partially through pressure, I
15 am aware but this was forced upon them to a degree.
16 Nevertheless, their ability to respond is much greater now
17 than it has been and therefore their ability to handle
18 problems in the Lower Cook Inlet is much better than it
19 was when they started in the Upper Cook Inlet and their
20 record there is very good.

21 *

22 We do need the oil production as a nation, we need the
23 economic development in this area. It has been mentioned
24 that it might be good to leave the oil in the ground be-
25 cause we will need it worse later. I think this is

1 speculation to a degree as it is hard to determine what
2 our needs would be in twenty or fifty years in relation
3 to energy. We do know what our needs are now!

4 *

5 It's possible that if the oil was drilled and in production
6 that the rate of depletion might be something that should
7 be considered - but the development needs to be there so
8 that if the oil embargo was reimposed upon us then the
9 crude would be available to us on very short notice rather
10 than the lead-time necessary to construct platforms and
11 do drilling.

12 I do not believe that development of the oil resources
13 will in any large manner harm the fisheries or tourist
14 industry - I think this has been amply demonstrated by
15 the development in other areas and by the testimony and
16 research presented here today.

17 *

18 There was criticism of the amount of oil available, that
19 it would be more than our ability to utilize, that it would
20 have to be exported. Around here if a salmon fisherman
21 trades some salmon for some halibut he feels that's a
22 worthwhile trade, he doesn't really count it as selling
23 his wares. If we in turn trade oil so that we end up
24 with oil on the east coast that does not effect our balance
25 of payments, that oil is just the same as if that oil had
been carried by tanker or pipeline from here to the east

1 coast, as far as the economics of this nation are
2 concerned.

3 *

4 I don't agree with the 'doom and gloom' people that if the
5 fish are in competition with oil they will be destroyed.
6 This has not been the case in other areas and would not be
7 the case here.

8 *

9 There has been mention of the spill of the Ferris and the
10 inability of the oil companies to contain it. That was
11 a very small spill and in very short order they had a large
12 amount of containment gear there and in position doing the
13 job.

14 I think if you will check you will find that there is as
15 much oil put into the small boat harbor in Homer from
16 fishing and pleasure vessels - - probably within a month
17 as what escaped from the Ferris. I think some of the
18 fishermen and pleasure boat people are going to find that
19 as time goes along and they are required to comply with the
20 same regulations which they are causing the oil companies
21 to have to comply with through their bitter opposition and
22 restrictions that they are going to find they they are
23 going to be penalized very heavily by the same restrictions
24 and they're not going to be nearly as happy with the thing.

25 *

1 I thank you for your time - - I have nothing further
2 to say.

3 *

4 JUDGE:

5 Any questions of Mr. Jacobs? (NO RESPONSE). Thank
6 you sir.

7 Next speaker we have is Mr. Jeri Murray.

8 MR. MURRAY:

9 Judge Cook, members of the panel, thank you for this
10 opportunity to make my observations heard.

11 First, I'd like to make some recommendations I suppose on
12 improvements perhaps to the Environmental Impact Statement
13 that has resulted in this hearing - from your studies.

14 In reference to the Dames and Moore oil spill trajectory
15 study which indicates probabilities of impacts of various
16 resources by hypothetical oil spills - one, limitation
17 admitted by the Draft Impact Statement of this study is
18 the fact that the computer code that was written allows
19 only one impact per spill, or none. In other words if
20 oil leaves one of the twelve hypothetical spill sites and
21 impacts on one of the resources that is counted as a single
22 impact and the trajectory of that oil spill ceases to be
23 followed.

24 I have had some experience with computer programming in
25 the past and it seems to me it would be trivial to allow

1 the oil to continue to be tract and to count multiple im-
2 pacts, impacts on the same resource, impacts on other
3 resources.

4 I suspect that-that would modify the probability table
5 that is given rather drastically, I'm not positive which
6 way it would go, maybe more uniform distribution that is a
7 fifty-fifty chance of hitting a resource from any spill
8 site or maybe some of the sites would turn out to be much
9 more critical than others in that respect.

10 *

11 Secondly, I think the impact on the oil itself has been
12 slighted over and probably should be expanded upon. This
13 will undoubtedly be a very profitable venture for them -
14 the cost of bringing a field to development has been esti-
15 mated at a high number of - something, I don't rememver
16 exactly what, and the market value of the oil has been esti-
17 mated and I think the difference is some 10-to-20 billion
18 dollars. I'd like to see a breakdown of that into profits
19 to the oil companies

20 *

21 And finally, the selection process of the sites was
22 slighted in that industry's interest in the various tracts
23 that were nominated was not indicated in the Impact State-
24 ment so it is really impossible for a person who wants to
25 say - - - well, the tracts at spill-site in the Dames and

1 Moore Study that is (1) are especially sensitive with
2 respect to the crab sanctuary for instance, they should
3 be deleted. Can you rationally say they should be
4 deleted if they are the most likely ones to contain oil?
5 That's the distribution that is admitted from this study,
6 the distribution of the probability of finding oil in
7 this area - I think that should be included in the Impact
8 Statement.

9 *

10 There have been many other comments about the Impact
11 Statement itself but I think I will just terminate with
12 some observations on the use of oil in this country and
13 the effects of oil development on the local community and
14 so forth.

15 One wonders what could be going through the minds of a
16 rational society when they find themselves running short
17 of a commodity upon which they rely heavily, beginning to
18 consume that commodity at an ever increasing rate. Our
19 world supplies of oil are running out, at least in the
20 sense that the remaining stores are becoming increasingly
21 difficult to locate and develop. We don't yet know how
22 to efficiently use the world's oil. It is here as the
23 result of a unique experience in the world history. Tens
24 of millions of years were required to convert atmospher-
25 ic carbon dioxide to the long-carbon chains in oil which

1 we burn in our automobiles thus returning it to CO2 in a
2 fraction of a second.

3 When oil is gone we may not be able to place it for uses
4 where the long-chains are needed such as medicines, fer-
5 tilizers and so on. Our consumption is increasing
6 rapidly at a time when prudent people should be trying to
7 slow down.

8 *

9 Equally blunderous are the actions of those who actually
10 seek something which they are sure will provide them with
11 higher rates of (and I quote): 'homicide, mental disorder,
12 drug abuse, alcoholism, crime, delinquency, discrimination,
13 divorce, mental illness, communicable diseases and child
14 abuse'. This from the Impact Statement! And because
15 of which 'the quality of life will decrease'.

16 A case in point on the recent arguments claiming Homer's
17 economy to be based on food stamps and the seemingly con-
18 tradictory conclusion that oil money will be sufficient to
19 support many of its citizens (the fishermen) on the public
20 dole (I think this was discussed earlier).

21 Similarly in making is the mental state which allows a
22 society to dessimate and pollute ite food supply so that
23 they can charge around the world at a high rate of speed,
24 spewing unbelievable gaseous contaminates into the air
25 supply. A rational assessment of this behaviour can

1 only lead to the conclusion that these actions are moti-
2 vated solely by greed and ignorance.

3 *

4 It would appear that the smart thing to do with respect
5 to oil development in offshore areas at this time is to
6 go slowly, first learn how to use oil in ways which maxi-
7 mize the lifetime of its long carbon chains on the planet;
8 secondly, how to utilize alternative sources of energy in
9 areas where oil is profligatly consumed now. And finally,
10 how to extract the oil without adverse impacts on food
11 supplies, social systems and so forth.

12 Thank you!

13 *

14 JUDGE:

15 Any questions of Mr. Murray?

16 MEMBER HOFFMAN:

17 Mr. Murray, when you were discussing the module, were you
18 spills, the trajectory module at the outpost be expanded
19 to reduce multiple resource impacts?

20 MR. MURRAY:

21 Yes, I haven't seen the code because it's not included in
22 any one of the appendices but I suspect that it is a trivial
23 modification to do that.

24 JUDGE:

25 Thank you. Our next speaker is Jim Clymer.

1 MR. CLYMER:

2 My name is Jim Clymer, my address is Box 996, Homer,
3 Alaska, I speak today as a private citizen.

4 It was my intent originally and I am still in the process
5 of writing and preparing a written comment on the EIS,
6 it's a rather thick volume and I haven't gotten through
7 it all and was unable to complete it. But in following
8 the testimony this morning I'd like to raise the following
9 points for your consideration:

10 In Dr. Hester's comments this morning analgous to the com-
11 parison of marine fish in Santa Barbara, Venezuela, down
12 on the Gulf Coast to the Alaskan waters, particularly
13 Kachemak Bay, one needs to ask the question how comparable
14 it can be if it takes six months approximately in the
15 Louisiana area for shrimp to become of a marketable size
16 as compared to three years here in Kachemak Bay; and what
17 would be the effect on pollution or spills if it takes
18 this long up here, there just cannot be a direct relation-
19 ship.

20 And secondly, as far as I know salmon don't spawn in the
21 Santa Barbara Channel but the oil spills up in this area
22 do and would reside into the spawning streams if you'll
23 follow your chart and maps up there you'll find where
24 certain tidal areas, whirlpools would leave a residual
25 affect on these slow growing marine larvae.

1 On hearing the testimony of the oil company representatives
2 this morning - attending the two previous hearings that
3 have been held here in Homer, we were assured that fail-
4 safe equipment would be used. This is a matter of
5 record of the testimony which you people can get, ie. the
6 Ferris. We also had a member of the oil spill cleanup
7 coop explain how this was and how they would continuously
8 come down and protect the cleanup problem.

9 *

10 It might be interesting to note that there are some
11 pictures of the Ferris in the area with its contaminate
12 boom hanging suspended in the air at low tide, unable to
13 do what it was designed to do. Secondly, the oil
14 coop and Coast Guard were unable to contain the slick
15 (admittedly minor) but I think it was something in the area
16 of 45-gallons which is relatively minor. There is a
17 beautiful picture of that slick heading across to
18 Chinapoot Bay on the evening tide - and these were fail-
19 safe equipment. In the minor event that there was any
20 problem this equipment, under cross-examination, could
21 take care of the problem regardless of weight, height or
22 whatever but it didn't happen.

23 *

24 Regarding Homer citizens attitudes - on a late cold winter
25 evening last winter the Attorney General for the State of

1 Alaska, Avrum Gross, conducted a public meeting on the
2 Kachemak Bay sale lease and what should be done. At the
3 conclusion of that meeting there was a vote-count of
4 roughly 200. There were about 300-20-30 citizens at
5 that meeting and the vote of roughly 260-280 ended up NOT
6 in favor of the lease sale as such. Such things were
7 brought up as the environmental concerns, the lack of
8 knowledge that the EIS purports, the lack of baseline
9 studies, what could happen - nobody knew. These citi-
10 zens all expressed their concern - there were approximately
11 twenty and they had the opportunity to state their case,
12 their questions, so there could be no confusion, and about
13 twenty supported going ahead with the sale for whatever
14 reason. I don't want to get into the ethics of it because
15 I would find myself with the twenty perhaps on the ethics
16 but I think in the overall concern, no, we don't know
17 enough to do it safely.

18 *

19 I also see we have another problem of controlled growth
20 versus what I'm sure you gentlemen are aware of, and that's
21 what I like to call the megotropolis, the east coast.
22 I spent the first twenty-five years of my life on the east
23 coast and saw it grow from a potato field in Long Island
24 to one mass of humanity and its resultant problems, some-
25 what uncontrolled. In my case I left the east coast

1 twenty years ago to look for a different way of life which
2 Alaska has offered - and it's a slow growth, it isn't
3 running. In those days you made it - either you made it
4 or you didn't stay, that's about what it amounted to.

5 *

6 Now the unemployment that is mentioned, a great deal of
7 that is caused by the pipeline, either by layoff of workers
8 in the area - -I have a business here and I get several
9 applicants in the course of a week - - but these are people
10 I don't know, they're not local, not local area for the
11 most part, they are people who like I (sic) twenty years
12 ago were interested in staying in Alaska but they are with-
13 out a job due to the pipeline and they came up anticipating
14 great wealth or a job or whatever and it wasn't there. So
15 now we're stuck with the unemployment and taking care of
16 them.

17 I would like to see other ways for accomodating these
18 people, I don't believe we need to go to the 'dole' but
19 money that's spent on this Impact Statement perhaps could
20 be spent more directly on the local level developing ways
21 of helping these people become productive in the area
22 and not food-stamps or what have you.

23 It no doubt would help the economy if we could do it on
24 a positive basis but we're not going to do it on an oil
25 development thing that twenty years from now we're going

1 to have the same problem. We were promised jobs on the
2 oil pipeline, a lot of Alaskans can't get one.
3 So what do we gain - we'll just have a bigger problem as
4 we do on the east coast when the economy shifts at a
5 later time.

6 *

7 Alright, the other side of me says that we might as well
8 be pragmatic, we have to be. Ultimately this lease sale
9 is going to take place sooner or later. I would like to
10 request from the group that is considering this - the with-
11 drawal of the tracts from the mouth of Kachemak Bay would
12 be basically Blocks 1 and 2, 9 and 10, and among the
13 reasons (many of which have been already cited) would be
14 this would leave the area free it conflicts with the fish=
15 ing which has supported this town for many, many years as
16 was alluded to by Paul Jones - when you talk about fixed
17 crab nets, pots, etc. It would also eliminate the
18 probability of chronic contamination which has been
19 alluded to by minor spills from the various oil rigs and
20 what have you, from entering the Bay pattern (again, if
21 you follow your charts, tidal charts and flow patterns).

22 *

23 I would also urge, and this is somewhat in line with Mr.
24 Gilman's excellent presentation this morning, that the oil
25 companies or perhaps the final lease sale should urge the

1 onshore construction facilities and supply bases be
2 located out of the Kachemak Bay area, perhaps in either
3 the north Kenai - and there is a facility now that could
4 handle a good bit of it - and the schools and so on, but
5 also perhaps considering Seward, or quite possibly this
6 Happy Valley-Anchor Point area that was looked at - I
7 don't know too much about that.

8 Hopefully we can get the oil company people working with
9 the Borough and the City BEFORE they make a decision, not
10 after it, and perhaps something can be done to work this
11 out.

12 *

13 I would also like to urge as part of this lease sale
14 (perhaps getting the horse before the cart for a change)
15 - of imposing a minimum of one million dollars fine per
16 spill, regardless of conditions, as a condition of the
17 lease sale, plus reimbursement of economic loss, if any,
18 such as the crab fisherman who has lost his pot being
19 tangled up in gear and can't get it back.

20 I suspect that one or two things would happen if this were
21 a part of the sale (1) the oil companies would either lose
22 interest in the sale, or will seek some fail-safe equip-
23 ment which I understand has been developed but is expens-
24 ive to use that would protect the fisheries and meet other
25 environmental concerns in the area.

1 That's just something to think about - - and I thank you
2 for the opportunity of making myself heard.

3 *

4 JUDGE:

5 Any questions?

6 MEMBER TRUESDELL:

7 I have a question concerning this fail-safe equipment, do
8 you have any evidence that there is absolutely fail-safe
9 equipment?

10 MR. CLYMER:

11 Not absolute but I understand that there is a drilling rig -
12 it's extremely expensive to operate - it does have the con-
13 tainment booms that perhaps could have been lowered further
14 than the ones on the Ferris and has other types of equip-
15 ment. I'm not familiar with it, I've just recently heard
16 that there was such a rig but it's about four times more
17 expensive to lease or operate - that's all I know about
18 it. And if not, I'm sure they can develop something.

19 MEMBER FERRAND:

20 Mr. Clymer, there is in Congress some legislation under
21 consideration to provide for oil spill liability - it's a
22 sort of back-up insurance - the oil companies themselves
23 could guarantee spills to a certain amount and then out of
24 a fund created out of a variety of sources would be able to
25 provide for containment but obviously there are certain
damages that money cannot replace.

1 MR. CLYMER:

2 Well I think the fishermen when the Ferris went through
3 the pots here a year ago and the promise of repayment - a
4 lot of these fishermen did not get repaid. A lot of
5 them got paid for the pots but not the lost time and the
6 product that could have been harvested if those pots were
7 not out of action - - you might consider such legislation.

8 I think you!

9 *

10 JUDGE:

11 And our next speaker is?

12 MR. JOHN CRAWFORD:

13 John Crawford - my name is John Crawford, I am Chairman
14 of the Board of the Seldovia Native Association, Inc.
15 The Association has 256-shareholders, the largest in the
16 Lower Cook Inlet area. I am here to state the position
17 of the Seldovia Native Association on the Lower Cook Inlet
18 oil lease sale.

19 *

20 Along with everyone else, Seldovia Native Association has
21 watched the developments leading up to this sale. We feel
22 that every known safeguard to prevent accidents and oil
23 spills will be used in this undertaking because so many
24 eyes will be watching. We do not see any need for
25 further delay of the Lower Cook Inlet sale.

1 We have reviewed the Draft Environmental Impact Statement
2 and have found that although the information is not neces-
3 sarily correct, if the Statement in its final form were
4 to be written so that everyone was satisfied, the Statement
5 would never be finished.

6 The continued existence of the Seldovia Native Association
7 demands that we be a development-minded corporation - - so,
8 we would like to see the development of the Lower Cook
9 Inlet area.

10 That's all I have - thank you!

11 *

12 JUDGE:

13 Any questions of Mr. Crawford? (NO RESPONSE). Thank
14 you sir.

15 Our next speaker will be Mr. Maynard Smith.

16 MR. SMITH:

17 I am Maynard Smith, I am a resident of Homer, my address
18 is Box 1075. The Federal Government has been dealing
19 with the State for several years over the ownership of
20 these tracts and I understand that the area that is now
21 proposed for lease has been granted to the Federal Govern-
22 ment as part of their offshore area, through the courts
23 system.

24 I think this very controversy between the State and the
25 Federal Government over ownership of this land shows that

1 there is a different philosophy in the proposed usage of
2 the land. I think the State of Alaska is now asking
3 the Federal Government to delay oil lease sales in the
4 Beaufort Sea and Norton Sound area - and the Lower Cook
5 Inlet area is being offered up as the most expedient tract
6 to be developed.

7 It seems that the entire question of the development of
8 this Draft is one of expediency and profit rather than one
9 of maximum usage of the resource - - and I say this just
10 from my cursory inspection of the EIS which is over my
11 head in scope. Yet I cannot help but feel that although
12 the Federal Government is showing that it is willing to
13 pursue a careful examination of the possible environmental
14 impacts of drilling in this area, that the Environmental
15 Statement as it now stands is quite incomplete and the
16 time needed to complete it which has been estimated to be
17 I believe from one to four years, would in no way damage
18 the oil companies or the economy of the country - in that
19 the Alaska pipeline will be completed in that interim
20 period and the oil from that source will be more than the
21 west coast refineries can handle already.

22 I believe that if the Federal Government rushes into de-
23 veloping these tracts that they will be putting the State
24 of Alaska and the residents of this area particularly,
25 in the hot-seat, that is, it looks like a squeeze play

1 to me between two organizations, that is the Federal
2 Government and the oil companies who are prepared to deal
3 immediately with these tracts thereby obviating the neces-
4 sity for the oil companies to have to deal with the State
5 for future leases.

6 Although I don't think there is a malignant conspiracy
7 here or anything like that between the organizations I
8 think the effect would be the same. That is, the resi-
9 dents of this area particularly and the State in general,
10 would be squeezed over the potential benefits (which I
11 also question) of the residents of the east coast due to
12 a large scale trade-out involving Japan, Arabia and who-
13 ever else wants crude.

14 *

15 I'd just like to point out for the panel's edification
16 that we've heard a lot about the growth of Homer and the
17 necessity of finding more jobs in this area for our
18 people. I believe in the last two or three years the
19 Homer area has grown more than any other area on the Kenai
20 Peninsula, perhaps two or three times as rapidly as the
21 oil communities of Kenai and Soldotna. This growth is
22 not predicated, at least in the minds of many of us who
23 have lived in Alaska for years, on any hope of future oil
24 development - it's just a nice place to live and people
25 are going to keep moving here.

1 I don't believe any outstanding necessity for further em-
2 ployment has been demonstrated.

3 That's all I have to say!

4 *

5 JUDGE:

6 Are there any questions?

7 MEMBER TRUESDELL:

8 What industry do you work in?

9 MR. SMITH:

10 I have been a deckhand on fishing boats and I run a small
11 business in Homer, a book store.

12 JUDGE:

13 Thank you sir - - and next we have?

14 MS. DURRELL:

15 My name is Marie Durrell, I am a Professor of Psychology
16 at the University of Alaska, my area is psychology.
17 My residence is Box 575, Homer, Alaska.
18 It is a pleasure to be here - - I have two very brief com-
19 ments about the Draft Impact Statement and I would speci-
20 fically address my area which is community psychology.
21 Very briefly and just as a researcher, I too have some
22 concerns about this spill trajectory analysis which is
23 simply this: As noted in the Draft Statement on page
24 547 on the limitations concerning current and wind para-
25 meters need to be recomputed (in my perception). Although

1 we heard testimony this morning stating that wind factors
2 are similar in our area to Venezuela, that the tides are
3 similar to San Diego - in fact the actual computations in
4 the trajectory analysis are averages - and I think we have
5 to address the variances because as you have seen scattered
6 throughout the Draft Statement, the tremendous amount of
7 variance in winds and turbulence is not comparable to any
8 other place in the world.

9 Thus, and very simply, in the OCS oil spill trajectory
10 analysis limitations particularly in respect to currents
11 and wind parameters need to be recomputed in the final
12 Impact Statement.

13 *

14 Second, the environmental impacts of the proposed action
15 clearly illustrate a need for effective oil spill contain-
16 ment and cleanup technology - which has been mentioned
17 several times this afternoon. To date cleanup oper-
18 ations are inadequate to deal with oil contamination and
19 habitat encroachment and that is clearly stated in the
20 Draft Statement.

21 *

22 Valid and reliable measures of control need to be developed
23 that can be monitored by BLM before oil and gas lease sales
24 may be undertaken and not after.

25 *

1 And finally, the uncommitted mitigating measures, that is
2 specifically the impact of sale induced growth on culture,
3 lifestyles and land use need to be resolved with State and
4 local governing units and included in the final statement.

5 *

6 One of the very exciting things that happened to me this
7 morning was that people from local government are saying
8 'we want to be a part of the statement, we want to work
9 with you, we want to cooperate, we want to work as a co-
10 operative venture' and this is rewarding to me because
11 some times there's a perception (up here as in other
12 places) of being controlled by the Fed. I think the
13 notion has been stated over and over again, and particu-
14 larly by Mr. Ferrand, that we can work together effectively
15 to meet some of these needs.

16 *

17 Finally, I know we've talked about making dollars fast-
18 this morning everybody - lots of people have notions about
19 business being short-run and fast exploitation, my area is
20 not that exciting. My research area is the quality of
21 life in community development.

22 During the past five years I have had the pleasure of
23 working with highschool people in Seldovia, Soldotna,
24 Kenai, and here in Homer -- we have done surveys of the
25 cummity. There are indeed a few people who have come to

1 Homer to simply make a few fast dollars and then back to
2 L.A. or Florida - but there are so many, many people here
3 and I do think it's the vast majority (according to my
4 research) who are here because of a lifestyle and a dif-
5 ferent way of living and being.

6 This is actually reflected in the research that I do - if
7 you want to have fun don't live in Los Angeles or
8 Sacramento but rather live in a small community where you
9 have options like going to the local theater, to slide-
10 shows at the museum, where your children can walk around
11 in the street and actually do research with a middle-aged
12 psychologist. Poor people can use their own energies
13 and explore the quality of life - and I have research to
14 back up what I am saying.

15 *

16 In contrast, my friend and colleagues Mike Baring-Gould
17 and Dixon, have so clearly shown with the impact at Valdez
18 and Fairbanks that the devastating consequences of the
19 oil impact's ecology simply tears up the infrastructure of
20 a stable community which is essentially based on a pretty
21 stable industry such as fishing and tourism.

22 *

23 I have searched the literature and would like to share with
24 you research by Dr. Robert Crouse who is a psychiatrist
25 and anthropologist, whose work is not cited in the DEIS

1 but is shown we did have an impact that is somewhat com-
2 parable to this quick oil impact and that was that we had
3 a gold rush in Alaska a few years ago. My research
4 and Bob's is collaborative and that is that the long-range
5 impact now in some communities for three and four gener-
6 ations like Nome if you will, or Teller, the quick rich,
7 the fast buck, the coming in and making money and leaving
8 has proved to be devastating for such communities.
9 I will share by September 10th the absolutely appalling
10 findings of the significantly higher homicide, suicide
11 and accidental death rates in those communities.
12 Evidently once-torn the infrastructure of a community, even
13 though the oil or the gold is taken from the soil or the
14 land is far reaching for at this point in time it looks as
15 if the gold industry will have an impact even on the fourth
16 and fifth generations.

17 *

18 Now, from Baring-Goulds research, until we can measure the
19 long range effects of the deterioration and quality of
20 life it is my perception that we cannot risk moving in and
21 damaging the infrastructure in these small communities in
22 this area.

23 The beautiful spinoff of the Draft study (in my perception)
24 was this: that there is a viable economy and it is not
25 based on the oil industry but it is rather based on

1 tourism, recreation. The Kenai Peninsula is known as a
2 recreation place to go in Alaska. And it is also based
3 upon fishing which is providing an ever increasing source
4 of income as we learn more and more about fishing tech-
5 nology.

6 If we are to hold on to the sense of community that people
7 have come here to find, we need BEFORE making these oil
8 leases to find out with longitudinal studies, what the
9 far reaching implications are for a kind of industry that
10 moves in and then leaves the land.

11 *

12 I really appreciate being able to come and talk with you
13 today - I'll be sharing my written testimony and my re-
14 search cause in a book published called the 'Emerging
15 Community Profiles' with you.

16 *

17 MEMBER TRUESDELL:

18 This will be out in December you say?

19 MS. DURRELL:

20 It's in press - - it's been published and I'll have it
21 available for you by September 10th.

22 JUDGE:

23 Are there any other questions? (NO RESPONSE). Thank
24 you very much.

25 *

1 JUDGE:

2 Our next speaker is Mr. Eric Inger.

3 MR. INGER:

4 Judge Cook, members of the panel - I came down to Homer
5 about five months ago. I had been in Anchorage for a
6 while and didn't like the large aspect of city life -
7 I came to Homer because I heard it's a nice place to live
8 and I wanted to go fishing.

9 There's been a lot of talk about jobs in Homer, people are
10 coming down looking for work, not finding it and then
11 leaving. When I came down I worked in the cannery for
12 a while, on the docks, and now I'm fishing. I plan to
13 stay, fish through the winter and next year.

14 I believe that most of the people that come down in the
15 summer are just looking for a buck to get back down south.
16 They come for vacations, they don't come to stay - and
17 therefore it appears there is large unemployment when
18 there actually isn't.

19 *

20 There will continue to be more jobs available in the
21 fishing industry around here as the 200-mile limit goes
22 into effect. There is a vast area for development in
23 ground bottom fishing which now no one does around here,
24 there's no market for the local fishermen to go out and
25 drag the bottom - whereas when the 200-mile limit goes

1 into effect we will be able to go out and get it and sell
2 it to the Japanese or Russians or whoever needs that
3 protein.

4 Right now there are about 1,260 gear licenses in Kachemak
5 Bay - they are providing much more employment, like
6 100-to-1 or something like that than the oil companies
7 have and I believe, could. . The only employment that
8 I'm aware of that came from the Ferris was after the oil
9 'spill some people got out and helped clean it up - and
10 stood around most of the time and got paid a lot of
11 money. Lot of these people were just here for the
12 quick buck and then leave, they didn't support our com-
13 munity and people that come in to develop oil will NOT
14 support the community, they will disrupt it totally.

15 *

16 I like small towns a lot, I lived in Gunnison, Colorado
17 which a small town - there you get to know people, they
18 are friendly and you get things done.

19 *

20 Now another thing I'd like to speak to is the reduction of
21 our fishing area due to oil development tankers entering
22 Kachemak Bay. Right now some of the best fishing areas
23 of crab, shrimp and things like that cannot be used because
24 of the corridor (which is a voluntary corridor now) and
25 sometimes in our Bay, because they come through and tear

1 up the pots, you can't find them, you find your buoys
2 floating, you pull them in and there's no pots on the end
3 of them. This is a tremendous burden on the fishermen,
4 losing their pots - they're expensive and getting more
5 expensive. They lose a lot of potential income when
6 they can't find their pots.

7 *

8 I think this oil development should not happen - - there's
9 much more development to be put into solar energy especi-
10 ally. There's just vast amounts - all summer you could
11 have solar energy and in the winter you would rely on oil,
12 natural gas and things like that. But in the sun-belts
13 down south around L.A. they can provide a good amount of
14 their energy I believe with solar power.

15 There's no need to jump into an area like Kachemak Bay
16 and Lower Cook Inlet, develop it and possibly destroy
17 what can be an ever ongoing industry of fishing, just for
18 twenty years of quick money and to help what right now is
19 a shortage in oil - which I kind of believe was done by
20 the oil companies so they can get development like this.

21 That's all I have to say!

22 *

23 JUDGE:

24 Any questions?

25 *

1 MEMBER WHEELER:

2 I think the concern you express about the maintenance
3 of fisheries resource here and it's importance to the
4 community I think that's very important. I wonder if
5 you have a real basis for concern about the impact of the
6 oil industry on the fisheries, either as the result of
7 experience in the Upper Inlet or elsewhere in the Lower
8 48?

9 MR. INGER:

10 Well it's the reduction of fishing area. If you have
11 to make room for large tankers to come in - we've already
12 cut off some of our areas that we can put our crab pots
13 in and things like that - and I know that if an ever in-
14 creasing amount of tankers and tender boats and things
15 like that servicing the drilling rigs - which I think
16 will come into Homer and make it an oil port - and I think
17 we ought to back the fishing industry instead of oil.
18 It's going to be here longer, it's making more money for
19 this community right now and will continue to make more
20 especially with the 200-mile limit coming in.

21 MEMBER WHEELER:

22 You suggest that it's one or the other but you don't see
23 the prospect of some degree of compatibility do you?

24 *

25 *

1 MR. INGER:

2 Well I think is going to come in (sadly) but I would
3 prefer to delay it as long as possible - the oil develop-
4 ment, until the oil companies have more of a chance to
5 perfect their technology so there won't be instances like
6 the Ferris and more time to develop the fishing industry.
7 Many Alaskans don't need the oil, we need fisheries -
8 that's the way I feel.

9 MEMBER TRUESDELL:

10 Sir, I don't mean to be facetious but how do you run your
11 boats?

12 MR. INGER:

13 Oh well, I realize that we are dependent on the oil
14 companies to some degree.

15 MEMBER TRUESDELL:

16 Oil is really where you find it.

17 MR. INGER:

18 I realize that but I don't think there's any need to de-
19 stroy our fisheries - I think it will have a bad effect on
20 our fishing areas to get that oil - when there are other
21 areas where it can be gotten that it would not have a
22 detrimental effect on the area.

23 *

24 *

25 *

1 JUDGE:

2 Some of the people registered were not here earlier, let's
3 see if those people have arrived. Is the Mayor of the
4 City of Kenai here? (NO RESPONSE). Is there a re-
5 presentative here for the City of Kenai who would like to
6 speak? (NO RESPONSE).

7 Alright, is the Mayor of the City of Soldotna here or is
8 there a representative from the City of Soldotna that
9 would like to speak? (NO RESPONSE).

10 Is there a representative of the City of Seward present?
11 (NO RESPONSE).

12 Earlier we missed Mr. Overway, is he here now? (NO
13 RESPONSE). Also Mr. Ralph Oxenrider, is he here?
14 (YES).

15 MR. OXENRIDER:

16 Gentlemen, my name is Ralph Oxenrider, I represent the
17 Offshore Constructors, Inc., which is a wholly owned sub-
18 sidiary of Raymond International. We have been in
19 business operating platform drilling platforms for twenty
20 years - we've operated platforms in the California coastal
21 development, in the southeast Asian area and Cook Inlet
22 in Alaska. We've operated in Alaska for six years.
23 Our most recent operation in Alaska has been to jackup - -
24 with the jackup barge of the George F. Ferris from 1974
25 into 1976. The George Ferris is particularly well

1 known in this community because we suffered a major
2 mechanical accident at Kasilof and brought the Ferris
3 into Kachemak Bay for repairs.

4 While the Ferris was preparing to depart for a drilling
5 assignment in the middle of '76 we suffered a second major
6 accident which resulted in the decks being under water
7 at high tide for seven weeks before it was cut loose by
8 _____ and then it was towed out of Kachemak Bay on
9 July 11th to San Francisco for repairs.

10 *

11 During the salvage of the Ferris the threat of oil spill
12 was a critical problem - containment and oil recovery
13 equipment arrived on the job immediately and as far as
14 we are concerned there was no serious oil spill.
15 The barge contained approximately 50-thousand gallons of
16 diesel and lubes and the total loss was less than
17 250-gallons. The oil was put in the oil recovery
18 equipment and in our opinion was both effective and
19 efficient - and there was no damage that we heard of to
20 the natural environment in this area. Governmental
21 agencies on the scene were the Coast Guard, the Environ-
22 mental Protection Agency and the Fish and Game Department.
23 All of these agencies gave full cooperation and their
24 assistance and the assistance of their personnel contri-
25 buted a great deal to the success of the containment.

1 Not being here this morning but I've heard a few comments
2 here now indicating that we created an oil spill and the
3 implication was that it was detrimental to this area.
4 I'd like to make a statement that the oil spill was less
5 than 250-gallons (which is very generous) and this is con-
6 firmed by the Coast Guard people who were on the scene
7 and by the head of the Environmental Protection Agency
8 of this area who was on the scene and with me at the time
9 when all the oil spills and all the slicks in Kachemak
10 Bay were surveyed by air and catalogued and this figure
11 is very lenient.

12 *

13 But at the same time we were making the aerial survey of
14 oil spills and the cleanup areas we also observed several
15 other oil spills in Kachemak Bay and in the boat harbor
16 which we had never complained about and we don't intend
17 to-- but nevertheless it contained a considerable amount
18 more oil than ever came out of the Ferris and it's going
19 on yet today.

20 *

21 If the gentleman would like to see a hundred thousand
22 dollar fine imposed on every oil spill, if he happens to
23 be a fisherman he'd better have a lot of money with him
24 because he's in bad trouble if they ever assess the same
25 regulations on the fishermen as they assess on the oil
people.

1 If people are interested in figures, especially the new
2 figures, I have several kind of figures on the expen-
3 ditures and what segments of the community these would
4 most affect. I'm going to give you some dollar ex-
5 penditures in categories of the community here which will
6 reflect what the Ferris' operations have put in to this
7 community. - this is economic environmental impact I
8 guess you might say (I'm not going to argue all the other
9 aspects of the environmental impacts because there are
10 several hundred categories.

11 Taking the Offshore Constructors operations - and we have
12 been here since 1966 through '69 with another barge called
13 the John C. Martins, then from '74 through to the present
14 time up and through last month the Ferris - these are
15 figures of dollars we have spent in Alaska - these are not
16 the figures we spent with oil operations outside the State
17 just right here in Alaska.

18 I'll go back to the Martins first and break that down in
19 some different categories there's labor, four hundred
20 eighty-two thousand three hundred sixty nine dollars;
21 payroll taxes and insurance eighty thousand six hundred
22 sixty-six; subsistence and travel forty-five thousand;
23 towboats to move us into location two hundred seventy nine
24 thousand; operating supplies and commodities bought in the
25 stores eighty-eight thousand; maintenance and repair items

1 one hundred nine thousand; galley cost including food
2 two hundred fifty thousand; rental equipment seventy-
3 one thousand; oil lease three hundred four thousand;
4 insurance four hundred thirty-seven thousand - and there's
5 odd numbers of five hundred seventy three (I'm just
6 rattling off numbers).

7 In that maintenance operation in the Alaskan community
8 we spent three million one hundred fifty one thousand
9 five hundred fifty-eight dollars.

10 To go back to the amount that went into different
11 categories I don't have it broken down in wages or what
12 went into earners pockets but it breaks down to about
13 29% in the wage- earners pockets, the other 71% would be
14 the business commodities, and I classify the business com-
15 munities as the State.

16 *

17 The Martins spent winters in Homer '66-'68 and our people
18 who worked on the Martins actually lived here and became
19 a part of this community, they did not go back and forth
20 come here to earn a fast buck and move out, they rented
21 houses, bought groceries, automobiles - they did the same
22 as every other citizen in this community does.

23 *

24 The figures on the Ferris from '75 - - the year '75 I do
25 not have the exact figures on that so I am going to skip

1 that part of it and get back to it later. The figures
2 I'm going to give you here are on the most recent oper-
3 ation of the Ferris, May through July of this year -that's
4 when it was stuck in the mud and went under the water and
5 we salvaged it. I have them in categories of groceries,
6 meal and lodging that were bought in Homer -the study
7 three thousand four hundred fifty seven dollars; freight,
8 storage and service along that line (which is not included
9 in the invoices which a lot of times freight is) nineteen
10 thousand five hundred eighty one dollars; merchandise pur-
11 chased from the stores in Homer, fifty six thousand forty
12 eight dollars; merchandise purchased through stores other
13 than Homer and this is Kenai, Anchorage - but in Alaska,
14 one hundred ninety eight thousand nine hundred seventy
15 five dollars; service contracts to people in Homer which
16 would include boat rentals, garbage service, taxi cabs
17 and all the services contained by contract were paid
18 directly to Homer being two hundred nineteen thousand
19 one hundred sixty eight dollars; and some services in
20 other places in Alaska being two million one hundred
21 seventy three thousand one hundred forty-four dollars.
22 Total direct labor that was paid to people residing in
23 Homer, including about ten people who are a normal com-
24 plement of our barge who also resided in Homer, was one
25 million one hundred twelve thousand seven hundred eighty

1 dollars - which makes a total coming into Homer from May
2 to July of this year three million eight hundred fifty
3 seven thousand dollars.

4 Then you add that figure we put in-in May on the operations
5 of the Martins prior to that plus the thirty eight thousand
6 dollars of various people coming in - on this project spent
7 just on expense accounts, plus one hundred four thousand
8 dollars worth of taxes this year we put out on our oper-
9 ations in this town over seven million one hundred sixty
10 seven thousand three hundred seventy six dollars.

11 *

12 I think that makes a little impact on a town of this size-
13 it's got to! Every dollar - so I've been told in a
14 Chamber of Commerce meeting one day that every dollar
15 created in wages or in a business generates in turn more
16 tax dollars by four or five times. If that is true I
17 think the community benefits in road taxes, utility taxes
18 and practically all of the services a community has to
19 furnish to its residents.

20 *

21 Another side note on this being directly in Homer these last
22 three months - and back on these wages of one hundred twelve
23 thousand - - that's a million one hundred twelve thousand
24 and the groceries, merchandise and services actually come
25 to - I gave you a figure of three million eight hundred

1 fifty seven thousand total for all the State but what was
2 actually gained in Homer was a million five hundred one
3 thousand thirty seven dollars - that's since May of this
4 year and we're already gone.

5 This figure does not include the 1975 job when we did the
6 repair from Kasilof - that period was from February 1st,
7 1975 to May 1st. And as a matter of comparison that
8 job cost exceeded the cost of this recent job by a con-
9 siderable amount of money. So it would be very safe
10 to say that in addition to the figures we've given you
11 here at least another three million dollars have been put
12 into this town from a small operation such as the George
13 Ferris in the last two years.

14 *
15 These figures not making them public for the purpose to
16 try to tell everyone here that they need us - what I am
17 trying to do is give the people of this community and
18 this Committee some idea of what a true dollar value an
19 oil operation will bring into this community. Like I
20 said before, from our indications about 29% of it goes to
21 labor and families, working people and about 71% or in
22 that neighborhood goes to the businesses which are also
23 working people, they pay taxes and support this community.

24 I think that's about all I have to give to this
25 Committee - and I thank you!

1 JUDGE:

2 Are there any questions? (NO RESPONSE). Thank you
3 very much Mr. Oxenrider.

4 Who is our next speaker?

5 MR. HENNICK:

6 My name is Daniel Hennick, my address is Star Route 'A'
7 Box 28, Homer. I have been a resident of Alaska since
8 1960 - I worked as a biologist with the Alaska Department
9 of Fish and Game as a research biologist up to 1974.
10 During my period of State employment I published some
11 fifteen biological scientific papers. During my entire
12 period of biological work with finfish and shellfish it
13 was in the Kodiak region. Over the past two and a half
14 years I have operated an independent biological consulting
15 service and in this capacity I have performed services of
16 a biological nature for fishermen groups, for the fishing
17 industry and for petroleum-related associations primarily
18 during the earlier geophysical operations, investigations
19 and with operations on the George Ferris.

20 *

21 I feel that my education, background and varied training
22 and long-time professional experience within the immediate
23 area concerned will lend credence to my testimony here
24 today.

25 Over a period of many years I have supported controlled

1 development of our renewable as well as our nonrenewable
2 resources. It is my firm professional unbiased opinion
3 that the marine environment, commercial fisheries and
4 petroleum developments can co-exist even to the point of
5 compatibility.

6 *

7 For an example of compatible co-existence we need only
8 look at the existing petroleum development in the Upper
9 Cook Inlet area. I support rigid controlled measures
10 and on the spot enforcement of said controls. With
11 adequate controls and use of modern technology oil spills
12 of a massive nature are quite unlikely as they relate to
13 petroleum exploration, development and production in the
14 Lower Cook Inlet region.

15 The Lower Cook Inlet Region I feel lends itself well to
16 petroleum development from the environmental conservational
17 viewpoint. It is an area of open water characterize by
18 rapid inter-change of sea water. The critical period of the
19 life cycle of any animal takes place during the earlier
20 stages of their life history. It is a well known bio-
21 logical fact that this tends to occur within the inshore
22 shallow protected waters as opposed to the open offshore
23 waters in the Lower Cook Inlet.

24 *

25 *

1 Delaying this proposed sale or withdrawal of tracts has
2 no real biological significance.

3 Petrolement developments within the offshore continental
4 offshore area will cause little and perhaps no conflict
5 with the commercial fisheries. Over the majority of
6 the area no commercial fishery exists. Ice, deep water,
7 unsuitable bottom, swift currents, strong winds and so on
8 are severe limiting factors.

9 *

10 A seasonal crab fishery does exist within margins of the
11 area, the gear is semi mobile so that conflict with
12 drilling platforms will be nominal or nonexistent.
13 Increased vessel traffic may be a problem but only within
14 staging areas which I feel would be slack in source to
15 avoid conflicts of this nature whenever possible.

16 *

17 The economic considerations for the local area, the State
18 and our nation are huge, beyond, I believe, the concept
19 of many. As an off-season wage earner much of my
20 livelihood depends upon progress - progress creates jobs.
21 This development need not create a boom-bust economy, it
22 will, I am sure, stimulate an already flourishing economy
23 within the region and provide a means to help pay for the
24 services so much in need rather than strapping the in-
25 dividual, already overburdened with tax paying.

1 We must actively look into our future - make intelligent
2 use of our resources - not stand aside and look at these
3 things. We cannot go backward or stand still as we seem
4 to be doing now. To do so can mean world events will
5 pass us by as a strong nation representing free men.

6 *

7 The current State administration, including a majority of
8 our past and present legislators, seem to be following
9 a path of preservation or ultra-conservationalism thus
10 effectively blocking orderly progress which creates jobs
11 and raises much needed State revenue; curtailing lease
12 area; unfounded GA action and other holding action is not
13 the answer. We need a change - a change I believe in
14 attitude and in representation.

15 *

16 I urge the proposed lease sale in the Lower Cook Inlet to
17 proceed as currently scheduled - I believe the Impact
18 Study is a comprehensive solid guideline and with adequate
19 control and monitoring of the proposed petroleum develop-
20 ment co-existence of a compatible nature with the environ-
21 ment, the commercial fisheries and the socio-economic base
22 of the region will be a reality.

23 Thank you!

24 *

25 *

1 JUDGE:

2 Are there any questions? (NO RESPONSE). Thank you
3 very much sir.

4 There is one other person on our original list, that is
5 Jean Douglas of the Kenai Borough Assembly, is Jean Douglas
6 here? (NO RESPONSE).

7 Are there any other persons present that have not had an
8 opportunity to speak and would like to be heard at this
9 time? (YES).

10 MR. WINN:

11 My name is Daniel B. Winn, I am a resident of the Homer
12 area.

13 I have been listening today and there are a few points
14 that have not been brought up that I think you should take
15 under consideration. The economy of Homer has been
16 stated a few times that it is in rather poor shape. In
17 my opinion I disagree with that for: (1) The town (the '75
18 census) consists of 1,565 people. This town is worth
19 presently 33.5 million dollars, which is quite a rich little
20 town for 1,565 people supposedly on a food-stamp economy.

21 *

22 We are in the near future going to have an expansion of
23 one cannery out on the spit in regards to an increase in
24 fisheries in this area and two more are under consideration
25 to be built in Homer, plus a large freezer plant.

1 The jobs that will be generated by these canneries are
2 approximately 150 permanent jobs - and there will also
3 be seasonal work in the areas of construction and money
4 spent in the area for maintenance.

5 That's about all I have to say = thank you!

6 *

7 JUDGE:

8 Any questions? (NO RESPONSE). Thank you very much
9 Mr. Winn.

10 Are there any other persons who would like to be heard
11 at this time? (YES).

12 MR. JOHNSON:

13 My name is Andy Johnson, I am a resident of Kenai - I work
14 in Homer. I am a native of the country and in a couple
15 more days I'll be here sixty-two years.

16 I have been through booms and busts relating to what was
17 mentioned by Mrs. Durrell -dessimating the country she
18 was speaking of. You look around and see the remains
19 of the country today from the gold rush and they did
20 dessimate the country, the hydraulic mining that was done,
21 cutting of the timber - they had to live off the country
22 because they didn't have methods of getting food. You
23 can't find any signs, some of the young people have been
24 five-six months that have been talking, they come up and
25 say this is nice work in the country - but it looked an

1 awful lot better a hundred years ago before the gold
2 rush, before some of these natural catastrophes took place
3 that actually dessimate the country.

4 We had more booms and busts than they're speaking of - I
5 happened to be born in a town that was military in its
6 economy - they moved the military out in 1919 and there
7 isn't any town there any more, nothing. Then I moved
8 to another town that was military in its economy and it
9 folded up. Then I made the sad choice of moving to a
10 third town that was Navy, but still military and it would
11 have folded up if they hadn't put a pulp mill in.

12 *

13 Alaska has always been blessed and still is blessed with
14 absentee ownership. They talk about the fishing, how
15 much good it does here in Homer but possibly if you would
16 look at the statistics that Mr. Oxenrider gave it would
17 take ten years for the fishermen in this area to receive
18 as much money as this town did in the last two with the
19 impact of just the Ferris by itself. Because the
20 fishery here is also absentee ownership, it helps Tokyo -
21 the fisheries here are all owned by Japan.

22 The actual dollar volume that we're looking at in some
23 areas - statistics are a funny thing - - talk about growth -
24 I know an area up here that grew 300% in the last couple
25 of years but then of course, there's only two or three

1 people living there. So you see statistics don't mean
2 too much when you talk of growth, how fast things grow.
3 It's real easy to double when you've only got fifty -
4 it's a little bit harder when there's five thousand and it
5 has a lot more impact on the area with the five thousand
6 doubling than with the fifty doubling.

7 *

8 I've had people here tell me that we should leave it -
9 they pack water, boats come - coal on the beach - they
10 don't want any electricity, this is fine if a person wants
11 to do that but I don't think they should limit ME. I've
12 been through this when I had to pack water, had an outside
13 toilet and things like this - but most people don't live
14 that way anymore. I prefer to have electricity, I prefer
15 to have running water, fire protection and so forth and I
16 think we've had a few statements made here by people - and
17 if they want this type of life that's fine, they are en-
18 titled to it but they shouldn't stop me from having the
19 type of life that I want also.

20 *

21 I heard some people talking about some meetings that took
22 place and I happened to attend some of those meetings too.
23 They were coming here to find the feeling of the people who
24 were a committee here to find out like you gentlemen are
25 doing, but these people were selling, they weren't listening,

1 and they ridiculed the people who didn't have the same
2 attitude that they had so that they ask questions like
3 'do you still beat your wife' that you couldn't answer in
4 any way so the people found out what it was and after
5 fifty percent of the people left home a hundred percent of
6 those that were left answered the questions they wanted and
7 had a real fine meeting - statistics if you want to call it
8 that on here. I saw many people get up and leave the
9 meeting because there was no chance for them to get any
10 input into it.

11 *

12 We have a country here that is very, very bountifully rich
13 in natural resources, we have timber, fish, minerals, and
14 I don't care what you want to do they are going to be
15 developed in the energy-short and materials-short world
16 that we have today as long as we're making more people.
17 To develop these logically in accordance with the controls
18 that are being proposed today and with the technology there
19 is today is not beyond the economic possibility of the
20 country.

21 We have enough coal in the Cook Inlet basin between the
22 surface and ten thousand feet (if you want to check) to
23 supply the whole United States with all the energy it can
24 be using for the next two thousand years - and the ecolog-
25 ical damage would probably be zero. It's pretty hard to

1 take coal from two thousand feet or ten thousand feet out
2 and have it come up to the surface and bother you too
3 quickly.

4 *

5 Again, we're talking about controlled development - people
6 are going to come here. I heard a man make ths state-
7 ment about the tourist development down in this area -
8 this is real fine, people come down from Anchorage and
9 other places in a nice big camper trailer, they gassed it
10 up in Anchorage, stocked it up in Anchorage, and the only
11 thing they do when they get down here is dump their
12 sewage. If this is the kind of ecology and development
13 we want down here, let's get at it and the rest of us can
14 move out.

15 *

16 I happen to be a part of a native group (as I've said)
17 two hundred years ago there were more of us up here than
18 there are people in Alaska today - but we were introduced
19 to some of the modern developments of people coming up
20 here, like syphyllis, gonorrhea, tuberculosis and a few
21 other things like this modern way of living and there's
22 now only seventy thousand.

23 I think the controlled development we're going to have
24 today will negate things like this taking place. That
25 was an ecological damage that nobody seemed to care about,

1 they think more of the fish or the moose, the trees.
2 But regardless of this there are people here and I think
3 that some of these people need some care taking interests
4 looking out for them rather than just looking out for a
5 moose, a tree or a scene. We have to make a living,
6 we're going to make a living. The people in the Homer
7 area - - - I happened to help correct some papers or tabu-
8 late some papers of a survey that was made here in the
9 Homer area finding out what they thought about the
10 Kachemak Bay sanctuary and it was a strange thing that
11 everybody that had been here ten years or more, any place
12 in the area, practically all voted the same. All of
13 them were against the sanctuary, they were for controlled
14 development, they were for seeing the area grow and not
15 just be an economy where you open the door on May first
16 and close it September 1st and you can do as you please
17 the rest of the year - the country can't live with that
18 kind of economy. We'll all have to move to California
19 or Florida or someplace else if we want to survive.

20 *

21 Oil and the development of our natural resources brings
22 year-round jobs, brings income here, timber - and until
23 the State gets into a stable economy and tax structure
24 we are not going to encourage the kind of development that
25 this country is going to see and is going to need to

1 survive because people don't come up and spend the kind
2 of dollars that are required because they don't know what
3 is going to be next year - they think somebody is going
4 to pass a law that is going to tax them out of business
5 or something may appear by next year. We have to get
6 some kind of stability built into our system so that we
7 can survive.

8 *

9 The native regions are going to invest money up here, they
10 have the money, they are going to invest it up here. I
11 don't think that if the State government doesn't change
12 to the point where they can figure on more growth someone
13 else is going to have to step in and take over and do it.
14 I feel we're far better off regulating ourselves rather
15 than going back to Washington, D.C. and getting somebody
16 there to regulate us. The native people have lived with
17 that for a hundred years and it doesn't work too well.

18 Thank you!

19 *

20 JUDGE:

21 Any questions? (NO RESPONSE). Thank you very much
22 Mr. Johnson.

23 Is there someone else would like to be heard at this time?
24 (NO RESPONSE). Nobody else - - -(YES)

25 *

1 MS. NEEDHAM:

2 I am Mary Needham, I am a commercial fisherman, I've been
3 working at it for seven years and fishing for myself
4 recently - I have my own boat that burns two gallons of
5 diesel an hour so I'm not using up your valuable resource.

6 *

7 I do believe in the resources being compatible together
8 however I think in large part the way of life that goes
9 with the two resources is not compatible. I think the
10 fisheries resource draws a kind of person that has a
11 different type of thinking about living than does a faster-
12 pace person who is more interested and becomes involved
13 with a high-powered industry like oil.

14 *

15 I think the industry of fishing is something that is
16 growing for Homer and this Lower Cook Inlet area and I
17 think it provides a steady growth for this area. I think
18 that the change on another resource which we haven't quite
19 defined as such is our human resource - would be rather
20 detrimental. This fast pace is something that a lot
21 of people here have fled other areas from. They come
22 here and look for a certain way of life that people have
23 been alluding to here - and I think we don't really want
24 to find ourselves caught up in that whirlpool of fast
25 pace again - although I have to admit the dollar is very

1 tempting and one has to work hard not to get sucked into
2 that whirlpool again.

3 *

4 I believe people are our best resource in the long run
5 and a healthy mind is based on working at something you
6 enjoy doing, not being pushed too fast at it, being able
7 to live and take the time to live and do the things you
8 want to with your life. I think if we race in this
9 community into a headlong expansion program I think the
10 long-term effects and the short-term effects are going
11 to be disastrous to the minds as well as the landscape,
12 to all the things we do appreciate around here. I feel
13 that in the long-run the effect will be one where people
14 will start saying 'where do we go next' - they have to
15 run from this area as they ran from other areas. We're
16 trying to look for that quieter-finer way of living in
17 appreciation of life. I think the effects are already
18 happening here in Homer - I know the land values around
19 here are astronomical - a piece of bluff property runs
20 anywhere I'd say from fifteen to twenty-five thousand
21 dollars an acre. The people who live here and who
22 wanted to live here, have been planning on it, who live
23 a simple life simply cannot afford this so there's been
24 some changes in the whole community, people who have
25 money come down from other areas such as Anchorage and

1 Kenai where they have been earning higher wages and so
2 forth - they can come in here and buy what the people
3 that have quietly have been accumulating, trying to live
4 here can no longer afford to buy. So, 'where do we go,
5 where is it next' - - you can go where it is quite and not
6 being shoved.

7 *

8 So, I don't quite know what to say, I think we're going
9 to get into this development here, all I can say is
10 please let us take our time, let us go back and remember
11 the people who built houses when they'd stand and walk
12 over an area of ground and decide which was the best knoll
13 to build on and which direction to face the house so you'd
14 get the sun in the morning in your kitchen, and things
15 like that. Let us take the time so that when you do
16 develop this area (as I suppose it will be) see that it is
17 done right so that certain things are not lost forever and
18 that we don't spoil not only our natural resources but our
19 human resources.

20 Thank you!

21 *

22 JUDGE:

23 Any questions?

24 *

1 MEMBER GILL:

2 May I ask one question: you say you're a commercial fisher-
3 man, did I understand you to say that fishing is a growing
4 economy?

5 MS. NEEDHAM:

6 Yes, I think so - I think very much in this area and par-
7 ticularly there has been more resources developed, there
8 have been different types of fisheries just in the last
9 few years. Herring has come on-stream more here, we
10 have more of a herring industry in the Kenai Peninsula;
11 I think also we have this bottom fishery that seems to be
12 developing more - -

13 MEMBER GILL:

14 - - for WHAT?

15 MS. NEEDHAM:

16 Fishing for things than other than just the salmon,
17 halibut and crab. You'll get into fish that supply great
18 deals of protein, that can feed a lot of people - they
19 just haven't been developed yet but the others are a little
20 more plentiful so they are taken first. I think there
21 are more and more people who want to live this kind of
22 life and develop the fisheries and I think the fisheries
23 are here to be developed if we take care of them.

24 *

25 *

1 JUDGE:

2 Thank you Miss Needham. Are there any other persons
3 who would like to be heard at this time?

4 FROM AUDIENCE:

5 May I ask one question: it says here to submit written
6 statement but is it necessary to be heard?

7 JUDGE:

8 No it is not - you may submit a written statement until
9 September 10th - there is no need to be heard unless you
10 wish to do so. There is an address listing for that
11 up on the information table where you should send your
12 written statement.

13 Is there anyone else who would like to be heard at this
14 time? (NO RESPONSE).

15 Well then in view of the fact there are no other persons
16 who desire to be heard this hearing will conclude at this
17 time - therefore

18 THIS

19 HEARING

20 IS

21 NOW

22 CLOSED!
23
24
25